

LIFE OF DAVID
LLOYD GEORGE



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LIFE OF
DAVID LLOYD GEORGE

VOL. IV (SPEECHES)



MR. LLOYD GEORGE SPEAKING AT SWANSEA.

(Photographs by Illustrations Bureau.)

LIFE OF DAVID LLOYD GEORGE

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VOLUME IV
SPEECHES

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PREFATORY NOTE TO THE FOURTH VOLUME

THE speeches contained in this volume are a selection of those delivered by Mr. Lloyd George during the ten years of his political life from 1903 to 1913. Those years, whatever may be the judgment of future historians, can hardly fail to be classed among the most active and the most productive of his career. Perhaps the most obvious comment upon the speeches is that from first to last they show a marked consistency of thought and purpose. It is not merely that Mr. Lloyd George has not forsaken in office the ideals which he set before himself when he was one of the Opposition. To that negative virtue he can certainly lay a just claim. But he can claim, what is more, to have persuaded his party in the days of its triumph to put the whole of its fighting force into an effort to realise ideals which, when they had not yet become a part of the official programme of Liberalism, had already kindled some of the brightest fires of his eloquence. Some very bold critics have suggested that the policy put forward by the Chancellor of the Exchequer in 1913 for dealing with the problem of the land was filched from the Tory plan of campaign. The most audacious partisan would not continue to put forward so preposterous a theory if he had read Mr. Lloyd George's early speeches.

There is nothing to be added here to what has already been said as to Mr. Lloyd George's oratory in the preceding volumes. The reader may form his own estimate of it from the following pages. He will lose, of course, much of the emotional appeal of the speeches, he will lose much of their life and colour; but even so, the publication of the speeches of an orator who can attract and influence larger audiences than any other living man needs no excuse, and it is certain that enough of their charm and cogency survives

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in the printed page to make them well worth the study of all for whom politics and oratory have any interest.

Perhaps a word may be said with advantage as to the manner of the preparation of these speeches. Mr. Lloyd George's method does not differ very materially from that which he pursued in the earliest days of his Parliamentary career. It was then his habit to make very full notes of the speech he was to deliver in the House or on the platform, but he did not use these notes when it came to the actual delivery of the speech: they were then discarded, and a few lines scribbled on some scraps of paper, perhaps on the back of an envelope, were enough to serve him. Nowadays, when he has planned fully the general scheme and the main heads of an important speech, he dictates it to a typist. Then he reads through the type-written copy, and alters or amplifies it. Finally he condenses it into a short note, consisting only of the barest "head-lines," for use on the platform or in the House of Commons, as the case may be, and in the end, it has been observed, he delivers the speech in almost exactly the form of his first complete draft. It is necessary to add this qualification, that his readiness to improvise upon any interruption, friendly or hostile, establishes an intimacy in the relations between his audience and himself which gives his speech, even when it has been elaborately prepared, the freshness of a lively and resourceful talker's conversation.

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SPEECHES BY DAVID LLOYD GEORGE

SPEECH ON TRUSTS AND MONOPOLIES

Delivered at Newcastle, April 4, 1903

This speech, delivered at Newcastle on April 4, 1903, shows how Mr. Lloyd George had developed the root ideas which had inspired the speech at Bangor in 1891 (Vol. I., pp. 130-132), in which he spoke of the need of "trenching upon the rent-rolls of landlords and monopolists." It shows also that the policy of the taxation of land values, which was sometimes alleged in 1909 to have been introduced vindictively in order to punish, or aggressively in order to provoke, the Peers, had been advocated by Mr. Lloyd George long before he became Chancellor of the Exchequer.

WE have arrived at one of the most important stages in the history of the Liberal party. I believe the future of this country largely depends upon the foresight, conviction, courage, and devotion to principle of the Liberal party during the coming years. There is, in my judgment, too great a disposition of late years to play up to the whims and caprices of what is known as the man in the street. The man in the street clamours for war, and we all say war is the right thing. The man in the street says we must have a big Army, and we all say "right," we must have a formidable Army. The man in the street talks about the expansion of the Empire, and we all garnish our speeches with Imperial allusions. But the man in the street has a relapse; he gets tired, not so much of the pomp, but of the burden of war; and we all become peaceable. The man in the street then says it is not an increase of the Army you want, but a small one; and we all say the Army is too big. There is too much disposition to tune our lyre to the sounds that come from the street, instead of standing to the sound principles of Liberalism. The man in the street is the man who gives neither time nor serious thought to the study of politics. Whenever anything sensational occurs the man in the street begins to think of politics.

Nothing, in my judgment, can be more detrimental to good government than that the policy of any party should be dictated to by the mere passions of a superficial observer whilst the reflections of the real students of politics who give their best time and thought to the study are brushed aside. It is time we should revert back to the old fundamental principles and base our policy upon them.

We have great problems in front of us. Never were a people confronted with greater or more serious problems. What is the condition of the people in this country at the present time? Seven per cent. of the people in the great cities live in a state of chronic destitution—a hand-to-mouth existence. Thirty per cent., or nearly one-third, live on or below the poverty line. Who can tell what that means? That is the problem which Liberalism has to grapple with if it is true to itself. How are you going to do it? You must reduce extravagant national expenditure, which undoubtedly affects the people and bears upon them. You must have efficiency in all the departments of the State. More than that, you must above all deal with those enormous trusts and monopolies which are interfering with national development, crushing out industries, and pressing heavily upon vast numbers of the people of this country. What do I mean by trusts and monopolies? You may say you have no great trusts here as you have in America. In America you had great trade combines, but they were purely ephemeral. They were creations of yesterday. By the mere action of trade and industry they occasionally collapse. Those that are still in existence the American people, with that promptitude and energy which characterise them, are preparing to deal with. But in this country the trusts I am alluding to are part of the social fabric. They have been in existence for generations and centuries. They had their commencement in the days of William the Conqueror.

What is the first of them? The first is the great land trust. The land is a trust. A great financier starts his work—and I recollect it as a law student as one of the first lessons in the law of real property—by saying there is no absolute property in land. Sometimes we curse the feudal system, but at any rate there is this to be said for the feudal system: it was based on the assumption that the revenues on land were given to a set of men in order to enable them to deal in their district with the problems of national defence and the administration of justice. Before we attack the feudal system, the first thing we have to do is to realise its obligations. Let me say a word about this question as it affects the towns. The land in London is worth about £500,000,000. It is worth more than all the municipal debt throughout the kingdom—the money which has been sunk in great municipal enterprises, in waterworks, sanitation, lighting, tramways, and roads. The land in London is worth more than all the municipal debt of the kingdom. Who created that wealth? It was not the landlords. London was a swamp, and the landlords did not even create that. All the wealth has been created by the industry, the energy, and the enterprise of the people who dwell in London. Every year the value of the land is improving in London by the capital sum of £10,000,000. This improved value is due to the energy of the people, not to the great landlords into

whose coffers this enormous sum of money pours. Whilst the landlords are going to their race-courses, their property is increasing by this enormous sum. Out of this sum of money what do they contribute to the public expenditure? If these great communities had not expended money upon sanitation and lighting and roads this value would never have been created. These communities could not have existed at all without great public expenditure that has enabled the landlord to get this value for the land. It would hardly be believed by anyone outside this country that the landlords have not contributed a penny towards that great local expenditure.

The first duty of any reforming progressive Government is to compel these gentlemen to contribute their fair share. London, of course, is the great illustration, but you can find the same thing in any great city or town, or even in villages throughout the country. Glasgow, I am told, is going up in value to the extent of £2,000,000 every year. They laid down in Glasgow a system of tram lines, and a magnificent system it is; but what is the result? Simply that all the land in the suburbs is going up in value by leaps and bounds. Land worth £500 two or three years ago is worth £5,000 or more this year. The land of Glasgow and its suburbs is going up in value each year to the extent of £2,000,000, and yet towards all the municipal expenditure entailed the great landlords have not contributed a single penny. I was in Liverpool some time ago and was given a remarkable example of that sort of thing. Just outside Liverpool, but inside the Corporation area, there was a man who had a piece of land in respect of which he received £19 a year as rent, as much as it was worth. Liverpool grew, and this land was afterwards let for building purposes, and the Earl of Sefton received £70,000 premium for letting the land, and is now receiving £16,000 a year for that land which would be worth £700 were it not for the fact that that great hive of industry had grown up. And what does he contribute to the expenditure of the Corporation? Not one penny. I was given other figures in Liverpool. I was told that the Lords of Derby and Sefton and Salisbury—that these three noble Lords are in the receipt of the sum of £345,000 a year from ground rents in the city, and out of that enormous revenue they do not contribute one penny to the public expenditure on the place.

Recently the present Unionist Government (1903) passed the Agricultural Rating Act. Under that Act the taxpayers in Liverpool who are paying heavy rates to improve Lord Salisbury's property are paying something like one penny in the pound to relieve Lord Salisbury, Lord Sefton, and Lord Derby from paying the rates on the great rural estates to which they retire to enjoy their £345,000 a year, to take the rates off these poor, oppressed landlords—this crushed industry of receiving rents. It must be hard work receiving and spending £345,000 a year, even if you don't earn it. Yet, at the last election in this country, the people gave a majority of 135 to a Government which did that, and very nearly wiped out the party that opposed it—called them traitors and pro-Boers. As Mr. Chamberlain has repeatedly said, "This is a wonderful Empire." Lord Selborne, in a speech which was reported yesterday—Lord Selborne, by the way, is a son-in-law of Lord Salisbury—called upon the taxpayers of

the country to contemplate the rich reward they were receiving from their opposition to Home Rule. He was perfectly right. Lord Selborne and his friends are receiving a very rich reward—all these millions that have been given to landlords, whose only contribution towards the work of the community is receiving these enormous ground rents. All this question of the taxation of ground rents bears upon the great municipal enterprises of the future.

Take the question of overcrowding. This land question in the towns bears upon that. It is all very well to produce Housing of the Working Classes Bills. They will never be effective until you tackle the taxation of land values. Do you know that you are living in one of the worst districts of England in respect to overcrowding? Out of the six worst towns in the country, the three very worst are in the North of England. Gateshead tops the list. Newcastle comes second. I think Sunderland is the third. These are the three worst towns, and you have villages in some of the mining districts of Northumberland which are still worse than the towns. In one village the overcrowding is 55 per cent. What does overcrowding mean? It is not a question purely of the physical discomfort which it imposes upon its victims. It is more than that. It is a question of health and happiness, self-respect, morality. How can you expect a healthy, sound race, when men, at the end of their hard day's work, are supposed to recruit the strength consumed in their toil in habitations where some of our great landlords would not pen their cattle? How can you expect men and women to lead cleanly lives under such conditions as obtain in some of our large towns?

I sat as a member of an Old Age Pensions Committee—appointed by a Unionist Government—and I really thought it meant business. I was younger then. We drew up a scheme and found it would cost twelve millions a year. The Government said it would cost too much, and, by way of a diversion, plunged into the South African War as a cheaper business. Since then they have increased our taxation by armaments and war debts by more than would have sufficed for all our Old Age Pensions. In the evidence we heard we found a greater difficulty than giving pensions. We found amongst the workmen, especially in the unskilled trades, that men rarely approach even the confines of old age. They are exhausted by the way, still in the prime of life. When we came to fix our age for a pension at sixty-five, we found that large masses of the workmen would never live to benefit by it. Why? The explanation is to be found in the terrible habitations to which the large proportion of our unskilled workmen in the large towns are driven at the end of their day's work. Here is another fact. I have told you that 7 per cent. of the people live in destitution, that one-third live on or about the poverty line. They have not the moral or the physical stamina necessary to sustain continuous labour. How can you expect them with such homes as these? The first thing to do in lifting up the people is to provide decent habitations. Before you can do that you must grapple with the land question in the towns—the first of these great trusts. It is all land. You cannot build houses without land, you cannot lay down trains for the purpose of spreading the

population over a wider area without land. As long as the landlords are allowed to charge prohibitive prices for a bit of land, even waste land, without contributing anything to local resources, so long will this terrible congestion remain in our towns.

This, then, is the first great trust to deal with—land. There is another reason why it must be dealt with, and that is because the resources of local taxation are almost exhausted. There are instances of rates going up to 8s., 9s., and even 10s., and there is yet much that the municipalities ought to do, but cannot. It is essential that they should get new resources. What better resources can you get than this wealth created by the community, and how better can it be used than for the benefit of the community?

I would like to say something about rural land, but I am not going to dwell upon that. The land question in the country is very important for the towns as well. But the only thing I will put to you is this: There is something wrong—where the labourer, working hard from morning till night in spring, summer, autumn, and winter, in rain and sunshine, only to receive his 11s. a week in vast areas of rural England—in a country where you give thousands of pounds to men who do not labour at all. There is something wrong where you have such a state of things as you find in Wiltshire and among the agricultural communities of England, where labourers are crowded into cottages, three, four, and even ten in one room. People are crowded in Wiltshire like this, and in a district where the community could spare fifty acres of the loveliest park land to a man who does nothing. There is something wrong in that system. It is largely a town problem. You are driving all these labourers into the town owing to this land system. These men depress wages. You take them away from their healthy environments, where they have as much air and sun as Providence can spare for English soil. You drive them into the town to unhealthy environments. You weaken the martial resources of this country by taking them from the country where you develop a robust and strong manhood. All these questions will demand serious consideration in your cities in the future. But that is not the whole story of the land. There is the question of mining royalties.

In every country in Europe except this the State has reserved its rights over minerals. In France, through the Revolution, they abolished the private ownership in minerals. But in this country we are paying five millions and a half for permission to develop our mineral resources to men, I won't say they have no right to it, but men who have contributed nothing to that development. What happens as a rule? I will tell you the story of some mines I know in South Wales. One of them in particular. There is a nice bit of common land which belonged to the whole people in that district. It is a waste with just a few unshepherded cattle upon it, and the landlord says, "It is a pity for this land to lie waste; would it not be better to put it under the plough?" So in a Parliament composed largely of lords of the manors he obtained an Enclosure Act to bring into cultivation waste land. He put it under the plough, and the tenants have been under the harrow ever since. The Enclosure Act is passed. The land in future does not belong to the people of the district; it belongs to the

lord of the manor. Some day they discover that this unpromising waste has a great treasure underneath it—coal, or iron, or copper, or it may be slates. What happens? Some gentleman comes round and says, "I should like to open up that land." The lord of the manor says, "Yes, if you pay ten times as much as it is worth." So he commences to sink, and very often sinks something else—he sinks his money. If he fails, the lord of the manor compels him to pay for the damage to the surface, three times as much as the surface is worth. That is a good start, but it is only a start. Supposing he succeeds, and finds coal there, the lord of the manor, with three times the value of the surface in his pocket, adds a charge of 5*d.*, 6*d.*, or 1*s.* a ton for all the coal raised, a third or fourth of the wages of the miner.

That is not all. Naturally the discovery of a rich mine like this attracts people to the neighbourhood, and, of course, the more people go there to work the better it will be for the lord of the manor. You would imagine he would show some concern for the proper housing of the men who come down to work this mine. Does he say, "It is in our interest; let me help you to this nice bit of land? It is poor land; I am getting about sixpence for it now. Take it, my good fellow, and build a nice house for yourself. And there is a rock over there; go and quarry as much stone out of it as you need to build that house. Make yourself comfortable and happy while you are working here." That is not the way of lords of the manor. The lord of the manor says, "You may build a house on that land, but you must pay me for it every year forty times its value. You may quarry stones there, but you must pay me so much for every cartload you take away. And when you have built your house, it does not belong to you. Part of it will belong to me, and that part will grow year by year. I will have a few stones this year, and the stones will grow year by year, and I will take your house piece by piece. When you are an old man half of it will belong to me, and when you are dead it will pass to my son, and not to yours."

Nor is that all. Talking about the daughter of the horse leech, if there had been ground landlords in that day and royalty owners, the inspired writers would have alluded to them as examples of greed. But, supposing that something happens to the miner. He goes down into the bowels of the earth, facing dark, weird, and potent enemies, the savage forces of untamed nature, at any moment ready to maim, mutilate, or to crush the life out of him. Supposing he falls, this soldier of industry, does the mining royalty owner contribute one penny towards his care or his cure? Does he make any provision for those dependent on him? If he is killed, what does the mining royalty owner pay? It is true that the man who sinks his capital, even though the accident that destroys the miner may destroy his fortune, is compelled to contribute.

Next time the Progressive forces of this country are once more triumphant their first task will be to teach their civil duties to these people.

Another illustration of the dangers of uncontrolled power over the resources of the soil is supplied by the Penrhyn case? Originally the whole of the Penrhyn quarry was common land. Great lords came there,

and got an Enclosure Act. It is now their property. At the beginning of the last century a family of slave-owners from Jamaica came over and took over the quarry, and founded the new Penrhyn dynasty. And the quarry has been worked on slave-driving principles ever since. I am not going into all the details of the dispute between the workmen and the employer. It is sufficient to say that these men protest in the name of self-respect and manliness against the terms which degraded them. They say: "If we are wrong we will submit to the arbitrament of any honourable body of men, of any creed, of any party in the land." They have named the Unionist Prime Minister. Although they are Liberals they say, "We will submit our case to the Prime Minister, to Lord Rosebery, to Lord James, to any man nominated by the Board of Trade"—nay, they say, "We will submit the settlement of the dispute to Lord Penrhyn's own counsel." What is the answer? "I am the sole judge." Really, there ought to be a limit to this sort of thing.

And to-day you have great distress in that community. I can hardly trust myself to speak of it. Every man who comes tells me one story—he is just stricken down by the pinched, hungry look of little children. A school attendance officer finds children in a house. "How is it," he asks, "the children are not at school?" "They are in bed," says the mother. "In bed?" "Yes," she says, "I have not a crust to give them for breakfast." The suffering is intense, all through the cruel arbitrament of this one man. These men have endured hardships that I cannot depict. They have faced it all. There has never been a struggle in the history of Labour where men have shown such tenacity, such unflinching courage. I can understand them. They are mountaineers, and I know the feeling of mountaineers towards the mountains. They are working among mountains, the ramparts thrown up by God throughout His earth for the defence of freedom, and they say, "We will endure anything rather than desecrate the hills with slavery." Were I a Penrhyn quarryman, I would rather, on the bleakest moorland road in Britain, be a stone-breaker than yield to these demands.

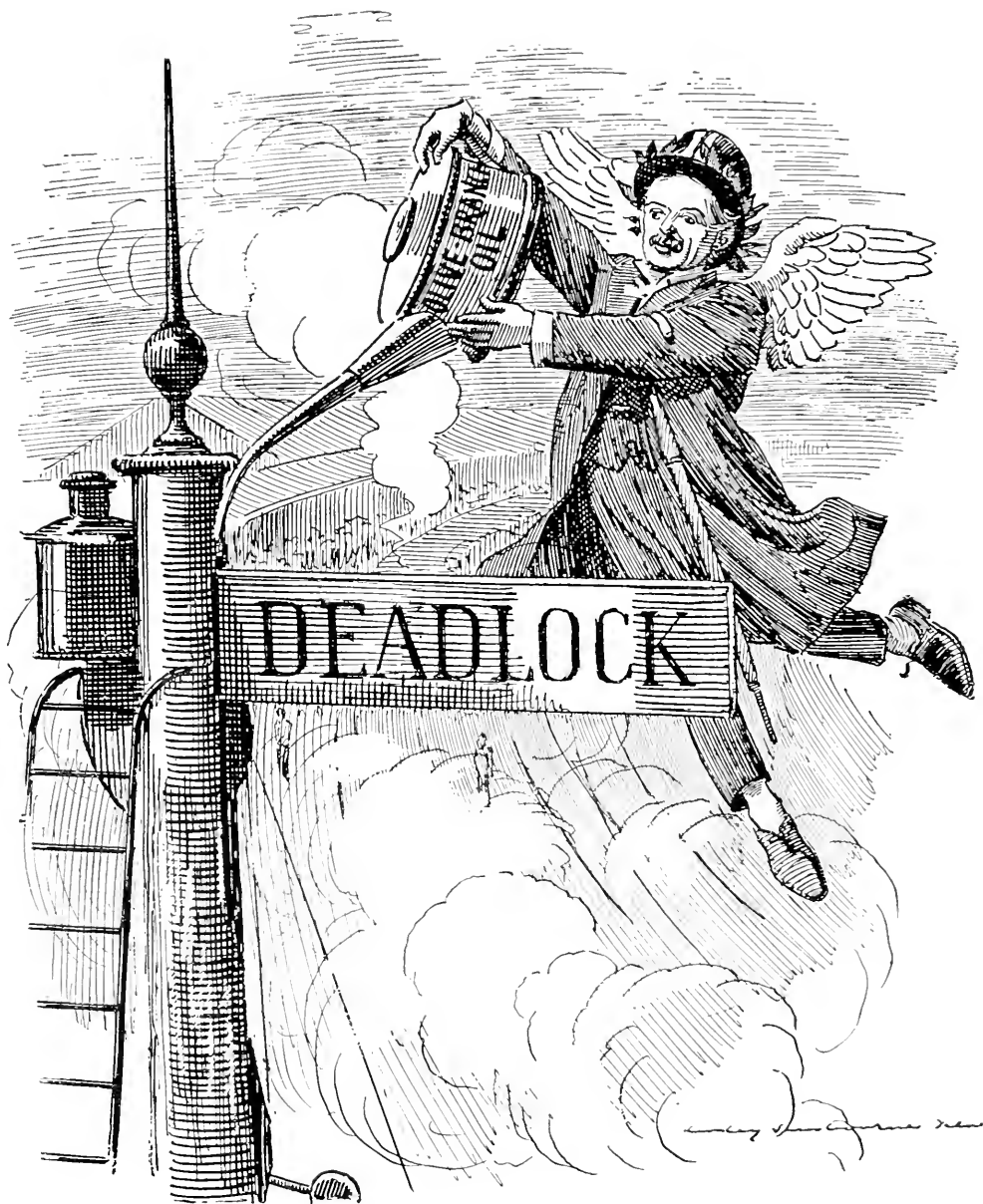
But what about the interests of the community? Here is a thriving industry. Here is a loyal, industrious, God-fearing community, brought to the verge of starvation. Here are towns in the district whose trade is withering, and—I put this to those gentlemen who talk about foreign competition—here is the building trade throughout the country suffering, and here are slates coming from America for the first time, and establishing a foothold in British markets from which you cannot dislodge them. We are living in an age of keen competition. There is a great struggle for life, not merely amongst individuals, but amongst nations, for commerce, trade, supremacy. No nation can afford to allow mediæval notions, to allow either the insatiable greed or the insensate pride of any aristocrat to stand in the way of an industry. I am delighted to find that the Liberal party is a whole, without any division, one mind, one purpose, in putting an end to this tyranny of Lord Penrhyn.

There are other trusts. There is the drink monopoly. What is that? We are a community not of teetotalers, or, if we are, we have a very con-

siderable cellar. I believe it costs us about one hundred and sixty millions a year. At any rate, it is a community that has not made up its mind that alcohol has no place in civilisation. The teetotalers are in a minority, and cannot force their views on the majority. But it is, at any rate, accepted by all that if alcohol is to be sold it is a commodity in the sale of which there is considerable danger to the State. Therefore, it can only be sold under careful restrictions. The sellers are, therefore, carefully selected for their qualifications. It is a dangerous trade, and you must have a care for the State. We cannot have a policeman at every door, and therefore they must be trusted. And how is the trust fulfilled? Last year there were 150,000 convictions for drunkenness, half the workhouses are filled with intemperate, two-thirds of the lunatic asylums, and nine-tenths of the prisons. What does that mean? 150,000 breaches of trust, and all the rest may go as breaches of the bargain between them and the State. All this sort of thing must be taken in hand. It is a great danger, but a graver still is the great brewing combine—this potent, terribly potent, trust. It is using the power which the State has given it, the wealth which the State has enabled it to accumulate for the purposes of intimidating any man who dares to call it to account for its delinquencies.

There never has been a more humiliating spectacle in the history of England than that speech of the Prime Minister's. I regret it deeply. I have great respect for the Prime Minister, and I believe that there was never a more honourable man filling so great and exalted a position. But when a man of his position, of his acknowledged rectitude, is intimidated and threatened by a trading syndicate into a breach of the first law of public life, the law which says that matters must not be criticised whilst still *sub judice*—under appeal—what can you expect of Mr. Walter Long and others who go about the country? This state of things is a grave peril to the State, and, as Lord Rosebery said years ago, if the State is to save itself, save its independence, it must grapple firmly with this potent power in its midst.

Just one or two words on Education. This is another monopoly. After drink come the clergy. They are more closely associated than you perhaps imagine. They are always together at elections. It is the same with all these great monopolies. They have a strange instinct whenever one of them is attacked—somehow or other they hang together, the clergy throw in all their support, and if you attack the Church you find in every parish road in the kingdom brewers' drays full of barrels to buttress up the falling Church. Attack the land monopoly—Church, brewers, publicans, landlords, they're all together at once with a sort of instinct. I remember perfectly well in 1880 when Mr. Gladstone attacked the Sultan of Turkey, all the publicans, parsons, landlords, and bashi-bazouks stood instantly side by side in defence of any despotism. It is an instinct of these great monopolies and tyrannies. Therefore, this monopoly comes in the list. I am putting the parsons on the Black List. They claim the monopoly of education in 8,000 parishes and 15,000 schools. They appoint teachers, control the school, and say what sort of instruction we shall get there. What have they to do with the appointment of teachers? They have no more



LLOYD, THE LUBRICATOR.

There's a sweet little cherub that floats up aloft,
To watch o'er the life of John Bull.

(By permission of the Proprietors of "Punch.")

claim to appoint teachers to a State school than they have to appoint, let us say, an Exciseman. I object to handing over the control of any State department—and education is a State department, after all—I object to handing it over to any class of practitioners, let alone parsons. They are not business men. Their affair is not to look after this world. They should leave that to the lawyers, whose interests, I am told, end here. It is not their business, nor the business of any person of any profession, class, or section to appoint teachers in a State school for the benefit of all. It is the business of the people themselves. How many parsons send their children to these schools? That is the best proof of the lack of confidence they have in their own judgment. They don't believe in their own religious instruction, because they take good care not to bring up their own sons in it. They don't believe in their own selection of teachers because they



AS A WELSH NATIONALIST HE HAS OFTEN CHARGED BISHOPS.

By permission of Westminster Gazette.

never send their children to the teachers they select. It is the business of the people—and the children of the people that suffer. It is the children of the people who are brought up there, and it is the people who maintain the schools. It is part of the common rights and inheritance of citizenship, and we object to any parsons blocking the way. The first thing that we have to deal with is the rights of citizenship in regard to the schools.

My last monopoly is the great monopoly of the governing classes. What does that mean? You have no governing classes, you say. Have you not? There are about six million electors in this land at the present day, and yet the Government is in the hands of one class. They have so manipulated Parliament that it is all in the hands of that one class. It does not matter up to the present which party is in power, you have practically the same class governing the country. There is no democratic country

in the world where such a state of things exists. In America an old rail-splitter became President of the State, and in France we have an old workman President now. In this country the way in which Parliament meets, the burden of expenses for entering Parliament, and the very hours at which they meet all conspire in the end to keep the Government in the hands of the leisured classes who have nothing else to do except to govern others. The great weapon for this purpose is the higher chamber known as the House of Lords. That has to be dealt with.

I have given you just a few of the monopolies demanding attention. On the way they are dealt with will depend largely the destinies of the people of this country. Poverty, crime, wretchedness, misery, slums, destitution that often follows honourable old age, these are the problems ; but I have listened for six months to scions of the aristocracy in the House of Commons dwelling upon the importance to this nation of giving instruction in definite Christian teaching to the children of the people. Let me tell them this —if they will only engage their abilities, their influence, to the great task of lifting the poor from the mire they will have taught the State to give its first lesson in definite Christian teaching.

SPEECH ON
LIBERALISM AND THE LABOUR PARTY

Delivered at Cardiff, October 11, 1906

One of the most remarkable results of the General Election of 1906 was the very great increase of Labour representation in the House of Commons. In this speech at Cardiff, which did much to smooth over some jealousies which had arisen between Liberalism and Labour, Mr. Lloyd George expressed his views as to the relation between these two wings of the forces of progress. The word of warning to Liberals which its last paragraph contains indicates the direction in which his influence in the Cabinet was directed.

LET me say at once that, as far as Wales is concerned, I have no anxiety whatever as to the outcome of the new Labour movement. The Welsh working man is an ardent patriot above all things. In the chapels of Wales you will find no distinction of class. The workman, the trader, and the professional man all meet and mingle on terms of absolute equality.

Take again the political ideals which Welsh nationalism has striven to attain for over a generation. If you turn us all out of Parliament tomorrow, and substitute for us candidates run by the Independent Labour party, so long as they are Welsh working men they will be just as ardent in their pursuit of those ideals as any member of the Welsh Parliamentary party. I don't see how they could be otherwise. What is and has been our programme? First of all stands the establishment of complete civil and religious equality. Nonconformity is the religion of the working men of Wales, and to demand equal treatment for the Free Churches in every school maintained out of public funds, and equal position for those Churches in the eye of the law in all things, is simply to put forward the claim that the religious institutions of the people shall not be regarded as inferior by the State to those patronised by the aristocracy of the land.

What is our next legislative ideal? The emancipation of the Welsh peasant, the Welsh labourer, and the Welsh miner from the oppression of the antiquated and sterilising and humiliating system of land tenure. Who are more concerned in the success of this part of our programme than the workmen of Wales? Both villager and town workman are vitally interested in the settlement of this problem. The present state of things on the land means that the sustenance of the labouring man is often sacrificed

to the sport of the idle few ; that almost as large a share of the produce of the soil goes into paying for the permission to cultivate it as is allotted towards maintaining the labourers who till it through the sweat of their brow ; that the continued enjoyment of the fruits of the labour of the whole of the rural community may depend upon the caprice of one man. Surely this is enough matter of itself to call for reform. But that is not all. The man who flees from this tyranny into the town is preceded by it there into the recesses of its darkest slum.

This vicious system of land ownership accounts for the exodus from the country, which is the nation's best nursery ; for the unemployment which comes from the sturdy countryman earning the bread that is meant for the townsman ; for overcrowding not merely men, women, and children in houses, but, what is equally pernicious, that overcrowding of unsightly houses for men, women, and children to live in, which makes our towns and industrial villages hideous to look at and unhealthy to dwell in. All this, and much worse, comes from the greed and selfishness which a stupid system of tenure permits to control unrestrictedly the vital resources of our soul. Surely every man who is interested in the amelioration of the condition of the working population of this country must help us in putting an end to such a condition of things.

What more have we inscribed on our Welsh national programme ? There is the calling in of the aid of the State, which means the concentrated power of all, to assist the moral reformer in the creation of a nation of sober people. How ? By removing the temptation to inebriety by interposing legal obstacles in the way of excessive drinking ; by so improving the conditions and environments of the people that the despair of squalor shall not drive them to drink. Drink has kept the workman of this country back a whole generation on the road to progress. It is also an essential part of our national programme to bring the best and highest educational facilities within the reach of the poorest child in the land. We have already done more to achieve this object within the last thirty years than any nation in these islands, but we have only just begun. There is nothing more essential to the permanent emancipation of the working classes of this country than that they should be thoroughly trained in the schools of the land for the struggles in front of them. To crown all, we seek the extension of the powers of self-government to Wales so as to enable her sons and daughters to manage her affairs without hindrance or embarrassment from those who possess neither the time nor the inclination to attend to them, or even to acquire any adequate knowledge as to what these affairs are. No candidate can ever hope successfully to contest an industrial constituency in Wales who does not pledge himself unreservedly to advance these reforms to the best of his power and opportunity. I cannot imagine any genuine Labour candidate desiring to do anything else.

Therefore I say confidently that the Labour movement contains no menace for Welsh nationalism. I regard the leader of the Welsh Labour movement, Mabon, who is with me on this platform, as being as good a Nationalist as any of us. With ordinary common sense there ought to be no unpleasantness or misunderstanding. Nothing gives me surer hope

for the future than the fact that up to the present there have been no symptoms of bitterness and wrangle over this question in Wales. The discussion has been conducted with calmness and restraint. We owe this to the great tact and good temper shown by the leaders on both sides. We cannot have a really Welsh movement with the workmen outside. The miners and quarrymen of Wales have always been ardent patriots, and the movement amongst them for economic emancipation will never alienate them from the endeavour to secure the political and religious emancipation of the little land they love as dearly as any of us.

But there is something more to be said on this subject. We who confer here to-day are not merely Welsh Nationalists, but we are members of a great British party, striving for objects outside as well as inside Wales. How does this new Labour agitation affect us in the capacity of British Liberals? Frankly I don't believe there is the slightest cause for alarm. Liberalism will never be ousted from its supremacy in the realm of political progress until it thoroughly deserves to be deposed for its neglect or betrayal of the principles it professes. As long as the Liberals go on as they have done this Session, showing that they are not afraid of their professions when they are reduced to practice, then their trust will never be transferred to a new party. The working man is no fool. He knows that a great party like ours can, with his help, do things for him which he could not hope to accomplish for himself without its aid. It brings to his assistance the potent influences drawn from the great middle classes of this country, which would be frightened into positive hostility by a purely class organisation to which they did not belong. No party could ever hope for success in this country which does not win the confidence of a large portion of this powerful middle class. That is an asset brought by Liberalism to the work of progress which would never be transferred to a Progressive party constructed on purely Labour lines, and I would strongly urge the importance of this consideration upon those who wish to drive Liberalism out in order to substitute another organisation. You are not going to make Socialists in a hurry out of the farmers and traders and professional men of this country, but you may scare them into reaction. They are helping us now to secure advanced Labour legislation; they will help us later on to secure land reform and other measures for all classes of wealth producers, and we need all the help they give us. But if they are threatened with a class war, then they will surely sulk and harden into downright Toryism. What gain will that be for Labour? Of course if the Labour leaders could ever hope to detach every working man through the country from both political parties and recruit them into a Labour combination, then I agree such a party might be all-powerful. But those who know anything about political history can tell you that this is an impossible feat. There are hundreds and thousands of working men who never under any pressure or provocation quit the parties that they join any more than they leave the churches of which they become members for any new-fangled religious organisation. There are many more who will always remain true to the members, upon the election of whom time after time they have often spent much enthusiasm, devotion, and some sacrifice. There are numbers who are treated well by

employers to whom they are attached. There are many who doubt, and will continue to doubt, the wisdom and feasibility of the Socialist ideal.

You must recollect that up to the present there has been no real effort to counteract the Socialist mission amongst the workmen. When that effort is made you may depend upon it it will find adherents even amongst working men. You have to reckon with an enormous power of wealth, the influence of highly trained intelligence, or organisation; you have also the incalculable influences of conflict of Labour interests, personal and sectional rivalries. There will be alternative remedies, amongst which working men will be divided. For instance, take, if you like, Tariff Reform, and, alas! there comes the blighting but potent seduction of drink. All these are influences which will prevent the consolidation of the working classes of this country as a whole into one powerful and solid federation. Those who think that they can bring every workman in this country into one tabernacle do not understand the elementary forces that move human nature, whether as individuals or in the mass. Does anyone believe that within a generation, to put it at the very lowest, we are likely to see in power a party pledged forcibly to nationalise land, railways, mines, quarries, factories, workshops, warehouses, shops, and all and every agency for the production or distribution of wealth? I say again, within a generation. He who entertains such hopes must indeed be a sanguine and simple-minded Socialist.

Are we, then, to wait until the nation is converted to this sweeping programme before we do anything? Is nothing to be done in the meantime to temper the miseries of our social system except to expand our energies in squabbling with each other? Common sense bids us get along together as far as we can to-day, and not to block the road of progress by standing on it in groups to quarrel about the stage we hope to reach the day after to-morrow. We do not ask Labour to be hewers of wood and drawers of water for Liberalism. We have already in Wales seven representatives directly associated with labour—that is, one-fifth of our representation already—a larger proportion than any other part of the country can show. We do not seek the aid of Labour merely to win elections for the party. We want its assistance to give direction to the policy of Liberalism and to give nerve and boldness to its attack. If the able men who now think that they are best serving the cause of progress by trying to shatter Liberalism, were to devote their energies and their talents to guide and to strengthen and to embolden Liberalism, they would render higher and more enduring service to progress, and in doing so they would be helping to guide and direct the cause of a much more powerful machine than they are ever likely to command.

But I have one word for Liberals. I can tell them what will make this I.L.P. movement a great and sweeping force in this country—a force that will sweep away Liberalism amongst other things. If at the end of an average term of office it were found that a Liberal Parliament had done nothing to cope seriously with the social condition of the people, to remove the national degradation of slums and widespread poverty and destitution in a land glittering with wealth; that they had shrunk from attacking

boldly the main causes of this wretchedness, notably the drink and this vicious land system ; that they had not arrested the waste of our national resources in armaments, nor provided an honourable sustenance for deserving old age ; that they had tamely allowed the House of Lords to extract all the virtue out of their Bills, so that the Liberal statute book remained simply a bundle of sapless legislative faggots fit only for the fire ; then would a real cry arise in this land for a new party, and many of us here in this room would join in that cry. But if a Liberal Government tackle the landlords, and the brewers, and the peers, as they have faced the parsons, and try to deliver the nation from the pernicious control of this confederacy of monopolists, then the Independent Labour party will call in vain upon the working men of Britain to desert Liberalism that is so gallantly fighting to rid the land of the wrongs that have oppressed those who labour in it.

SPEECH ON
FREE TRADE

Delivered at Manchester, April 21, 1908

This was one of the brilliant speeches on Free Trade which Mr. Lloyd George made during the election at North-west Manchester in support of Mr. Churchill, who was, however, defeated by Mr. Joynson Hicks. These speeches are referred to in the text (pp. 506-508 of Vol. III.).

THERE is no county in England whose fortunes are more inextricably bound up with freedom of trade than Lancashire. I wonder whether even Lancashire men fully realise what a change might mean. I think it might mean a great trade catastrophe for Lancashire if there were a departure from the root principles of our fiscal system. Take the present condition of things. Before leaving the Board of Trade I was curious to find out what was the position of Lancashire in its main industries compared with that of its trade rivals. You know the contention of the Tariff Reformer is that owing to the free imports which flow into this country, our trade is being destroyed, whereas, sheltered by protective tariffs, foreign countries are building up great industries in competition with ours.

What are the three great industries of Lancashire? First and foremost comes the cotton trade—the greatest in the world. What has happened in the cotton industry, not merely in Lancashire, but throughout the world? In Lancashire you are drawing your raw material from the end of the earth. Your supplies have to be carried across thousands of miles of ocean. In America they have the cotton fields at their own doors. You might have imagined that, with raw materials on the spot and high protective tariffs to help it, if there was anything in Tariff Reform at all, the cotton trade would present a case where Protection would be triumphant and Free Trade go to the wall.

Let me give you one or two figures.

Last year Lancashire alone—a county which is not the size of a single State in America—sold to the world, not merely to the Colonies, but to all the countries of the earth (there is not a land probably where you would not find a cargo of Lancashire cotton fabrics); you sold from Lancashire £110,000,000 worth of cotton fabrics, which represents an increase on the previous year of 11 per cent. Take the United States of America—cotton

grown there—excellent cotton; every quality; the raw material on the spot, high protective tariffs, everything, according to the Protectionists, to help. What did they sell?

The Protectionist United States sold £5,700,000 against Free Trade Lancashire's £110,000,000. That is a little over a twentieth. Nor is that all. It represents a decrease in America from the trade of the previous year of 45 per cent. We have heard a good deal about unemployment. Trade has been bad, and of course these gentlemen talk as if unemployment were the monopoly of Free Trade countries. If your trade in Lancashire had gone down in a single year—your export trade—by 45 per cent., think of the mills that would have had to be closed.

Then there is Germany; there is "the bogey"—Germany, the paradise of Protection. You have every element in Germany that would make a Tory paradise. A high tariff, an exalted Imperialism with a still more exalted tax on food—a Conservative administration with an all-powerful aristocracy, Socialists not strong enough to direct a policy, but strong enough to frighten people into Toryism—just the sort of land to live in, and yet in Germany wages are lower by 20 per cent. than in this country, the cost of living is higher by another 20 per cent., the hours of labour are longer, and the London stock-jobbers—who are mostly Tariff Reformers—when they are asked to lend money on the freehold of this Protectionist Garden of Eden, insist upon 4 per cent., and with reluctance advance money then. But when they are asked to advance money on the security of this Free Trade purgatory they are only too glad to do it for 3 per cent.

Germany—what does she do in cotton? A little better than America. She sold last year very nearly, not quite, one-fifth of what you sold—one-fifth. Free Trade is better than Protection by five to one. And the trade of the Germans in textiles last year decreased by 5 per cent.

France, another Protectionist country, has gone down. She only sold 12 millions, and yet she has a tariff. She has duties on goods. She has Protection. And she sells exactly one-tenth of what you sell of cotton goods.

I am sorry to weary you with figures, but trade has a way of working itself out in figures—always except in a Tariff Reform pamphlet—so I ask you to consider a few figures showing your trade in cotton with the world. During the last four years the increase in your sales was greater than the whole of the sales of the United States of America, Germany, and France put together. "Cotton is going." Yes, and going very strong. You increased your exports in cotton goods, the product of your brain and your muscle, by 26 millions in four years—higher by 26 millions last year than four years ago. That is more than all the goods sent out by the cotton mills of the United States of America, Germany, and France put together.

Well, now, there is another very important item. What about wages? The wages in the cotton mills of Lancashire are higher than those in the cotton mills of Mulhausen by 40 per cent., and the hours are better. Selling more, a bigger trade, higher wages, shorter hours; yet these gentlemen come to you and say, "Swap it for long hours."

You have another very considerable interest in Lancashire, and that is engineering. Now there you might think the Protectionist would have

the advantage. In the first place you must remember America is in more senses than one the country of inventiveness. Some of the inventions are patented, and some of them are not. And of course they are driven very largely sometimes, because of the scarcity of labour—they are a new country—to resort to machinery in many cases where you would not be here, and no doubt their patent laws have been more favourable in the past, but only in the past. The result is that it has been the great country for new machinery, and you might imagine, at any rate in machinery, the United States would beat us in exports. Now the real test of Free Trade and Protection is which of the two is the better for these countries when they come face to face in neutral markets. That is the real test—when the commercial travellers of England meet the German and the American at the same counter, in Germany, in France, in China, in the Argentine—when the three go into the same warehouse to tender their goods, which of the three comes out on the top? That is the test. In cotton the Free Trade traveller comes out an easy first; his goods have got the gloss of freedom on them, and they go. Now comes machinery. Of course, in the old days we were an easy first even in the making of machinery. That is not the case now. But I tell you where we are very good. We are very good at adapting ideas when other people have thoroughly tried them. The American tries a machine which will take him to the moon and he comes down to the ground. He tries another machine and he falls again, and so a third and a fourth time. At last he succeeds, and then the English engineers begin to make it. That really has been the experience of the last twenty or thirty years. We are rather slow; we rather allow other people to make themselves bankrupt over experiments, and then we avail ourselves of their ingenuity and their enterprise.

The result is this. America last year sold to the world, including Great Britain, £18,000,000 worth of machinery. The Germans sold also £18,000,000 worth of machinery. And then comes along this poor, old, Free Trade country, limping along, ruined, nobody employed here—except in consuming foreign goods. Nothing to do. Our ships empty! And we sold £31,000,000 worth. A small country; but you must not judge quality by size. It is often the little one that comes out best. So much for machinery. In cotton we beat them with Free Trade. In machinery we beat them with Free Trade.

There is a third trade. It is shipping. If you read Tariff Reform pamphlets you would never know that we owned a single ship. Shipping is never mentioned in decent Protectionist society. It does not fit in with the argument, and therefore it is left out. What has happened to shipping? There, at any rate, we meet on equal terms. And what happens? This little country—a small country, just the size of one of the States of the United States of America; you might put the whole of Great Britain down on one of the States of America and it would fit quite nicely—and there it is. It is carrying in its ships one-half the trade of the world. That is gigantic.

Reckon them all, every one of them—Germany, United States of America, Japan, France, Spain, Italy, and Norway—add them together, and we carry half the trade of the world. Then in building ships—that

also gives employment. The shipbuilding trade is bad—it is probably worse than it has been for a long time ; but we built more in our yards last year than were built in all other shipbuilding yards of the world put together. I should have thought that that would have satisfied anybody—we built, not more than any one of the Protectionist countries, but more than all put together.

You people of Lancashire are closely concerned with shipping. You have got the great port of Liverpool, and the almost equally great port of Manchester—a very considerable port this is. I went through it the other day, and was amazed at the way you have carried out this port in the middle of the land. It is a very remarkable achievement. That is the way to fight tariffs in this country. It is by brains and enterprise, and not by the quack methods of Tariff Reformers. Well, there you are—shipping, machinery, cotton—the three great industries of Lancashire ; in all three we are easily first in this Free Trade country.

One suggestion I would make to Tariff Reformers. Supposing they got up a deputation to go to Germany, to visit the Kaiser, and carried along with them the cotton spinner who preferred Mulhausen wages to Manchester wages. If they scoured the lunatic asylums of Manchester they might find one, and take him along with them, and they would go to the Kaiser and say :—

“ We understand your industries are protected by tariffs. We come from a ruined country, a country desolated by the operation of freedom. We have come to make a proposal to you. Would you mind exchanging your cotton export trade for ours ? Then there are our engineering exports. Would you mind swapping these ? And then there is our shipping. Will you give us your magnificent mercantile marine in exchange for ours ? ”

The Kaiser would look at them and say :—

“ Gentlemen, where did you escape from ? ”

By every test which you can apply Free Trade comes out triumphant, and it would be the greatest catastrophe to Lancashire if a change were effected. It is an easy thing to change ; it would be very difficult for you to go back. In a moment of thoughtlessness, in a moment of resentment about petty things, in a moment of fiftulness under a pure desire for some sort of change, you may throw over this great institution that has been the making of Lancashire, and if you do you will not get it back.

Well, I am standing for Britain—Britain and the flag of freedom in her markets. That flag has stood for Free Trade for fifty years, and the results are superb. If, with England's magnificent results in shipping, in machinery, in the cost of food, in the hours of labour, in wages, in textiles, yes, and not merely that, in the security which is given for the peace of the world—if all this is not worth fighting for, then all I can say is that I wonder what is. It is better worth fighting for than an excess of public-houses, than for keeping miners underground to work under conditions where hundreds of them meet their death every year ; it is better worth fighting for than bigotry in the schools ; it is the flag of freedom and fair play.

Before I abandon this question of Free Trade, will you allow me to say one other thing ? It is not merely in the interests of trade alone that I

would have you stand by freedom in our markets. Free Trade is a great pacificator. We have had many quarrels, many causes of quarrels, during the last fifty years, but we have not had a single war with any first-class Power. Free Trade is slowly but surely cleaving a path through the dense and dark thicket of armaments to the sunny land of brotherhood amongst the nations. We buy largely from nations. We sell largely to nations. We fetch here, we carry there, and we traffic everywhere. It is their interest to be on good terms with us. It is our interest to be on good terms with them. Our trade, our commerce, our shipping—they are weaving “the silken strands of peace that bind the nations to us in the bonds of a commercial fraternity.”

Let me tell you this, the day will come when a nation that lifts up the sword against a nation will be put in the same felon category as the man who strikes his brother in anger. I know not how many generations, maybe centuries, it will take before swords are beaten into ploughshares, and spears into pruning-hooks. But of this I feel assured, that when that day dawns it will be reckoned as one of the greatest and noblest achievements in the story, in the wonderful story, of the human race, that the men and women that dwelt in this little island, standing alone against a world armed with tariffs—valiantly, triumphantly defended the paths along which humanity eventually marched into the realm where the Prince of Peace reigneth for ever. Will Lancashire sell that tradition?

Well, I tell you the race that would give up that position in the history of the world is a race that you and I ought never to feel any pride in possessing relationship to. It is greater than you and I know. Now stand by it. I appeal to you men of Lancashire, whatever inducements there may be for you to abandon it. And let me say this, and it is all I have to say about Free Trade. It is a great fight. But I would not have you believe that it is the end, and that we have nothing more to do. Free Trade may be the Alpha, but it is not the Omega of Liberal policy. Build on it as a foundation. Do not take away the foundations of the fabric. It is a great foundation for a fine building, but it is only a foundation. It is not all that I would do for trade. I have never been a believer in the do-nothing policy for trade, and if there were time I would just indicate two or three points where something more could be done. There are great things to be done even for the advancement of trade in this country. A great deal has been done in the improvement of our foreign trade, as well as in establishing agencies in the Colonies. The Patents Act brought, or at least will bring, more employment to our shores than a hundred tariffs. That Act must be ruthlessly and rigidly administered.

Some of our friends say: “Well, here your Chancellor of the Exchequer is something of a Tariff Reformer. He introduced a Tariff Reform Bill called the Patents Bill.” I repudiate the suggestion that there is the slightest taint of Protection in that measure. The effect of Protection is to put up the price of goods. The effect of my little Patents Bill is to put the price down.

I would wish to see reorganised the great inland transport system of this country, so as to get rid of wasteful competition, which is a burden upon the industry and the trade and the commerce of the country. I should

like to see an end put to the preferential charges which are given by railways for the conveyance of foreign produce. Free Trade is not a preference for the foreigner ; it is fair play for everybody. I should like to see more done in the way of the development of transport—water transport, train transport—so as to open up the resources of our own country.

Above all, I should like to see a reasonable, a practicable, and an equitable land system. I know how industries have been stifled and starved by unreasonable demands with regard to the land ; I could give you innumerable instances. I know how agriculture is depressed very largely owing to land conditions ; there is no security which would bring the necessary capital for development. All that must be attended to. After all, the land of this country was not created and given as an endowment to maintain the dignity and delight of a small class. It was given for the benefit of the children of the soil.

I believe that if we had a forward policy on these lines you would get such a trade boom in this country as we have never seen the like of. Talk about developing foreign countries and possessions ! We have not got yet to the development even of our own country.

And when I talk about trade and industry first, it is not because I think trade and industry are more important than social reform. It is purely because I know that you must make wealth in the country before you can distribute it, and, having done that, we must see fair play to the worker in that direction. After all, this is a rich country. It is the richest country under the sun ; and yet in this rich country you have hundreds and thousands of people living under conditions of poverty, destitution, and squalor that would, in the words of an old Welsh poet, make the rocks weep. This is the stain upon the flag. And it ought to be the duty of every man in this country, for the honour of his native land, to put an end to it. There are men in this country, of course, who are in such easy circumstances that they need not apprehend anything from the dread spectre of unemployment. The wolves of hunger may not be awaiting winter to prey upon their child. But still, I am one of those who believe that human sympathy is in the end capable of a deeper and more potent appeal to the human heart than even interest.

If these poor people are to be redeemed they must be redeemed not by themselves, because nothing strikes you more than the stupor of despair in which they have sunk—they must be redeemed by others outside, and the appeal ought to be to every class of the community to see that in this great land all this misery and wretchedness should be put an end to. I cannot boast, like Mr. Hyndman, the Socialist, that I belong to a different class from the audience I address. I am a man of the people, bred amongst them, and it has been the greatest joy of my life to have had some part in fighting the battles of the class from whom I am proud to have sprung.

The task is great and it is difficult. The task of every reformer is heart-breaking. There are sympathies to arouse, there are suspicions to allay. There are hopes to excite, there are fears to calm. There are faint hearts to sustain, there are hot heads to restrain. There is the dormant interest in right to wake up, there is many a vested interest in wrong to be beaten down.

SPEECH ON
SOCIAL REFORM

Delivered at Swansea, October 1, 1908

Mr. Lloyd George was the principal speaker at the meeting of the Welsh Liberal Convention at Swansea on October 1, 1908. He chose as the theme of his speech the duty of the nation, which had already given to the aged the boon of Old Age Pensions, towards the sick, the infirm, and the unemployed, and urged Liberals not to be content to work only at the machinery of democracy.

LIBERALISM has not exhausted its mandate nor yet completed its task. During the last three Sessions this Parliament has done more to set things straight than any of its predecessors. During the last Session of Parliament we carried the greatest measure of social reform of recent times. But all these were but the first-fruits of the great harvest long ripe and awaiting the reapers, some of it cut long ago and lying on the ground, but not yet garnered in owing to unpropitious weather. I don't think this Liberal Parliament has altogether been judged fairly by certain sections. Because we have not during this short period effected a complete transformation in the conditions of life in Britain—swept away all abuses which had grown up for generations—rooted out of the soil grievances which had sunk in and spread for centuries—there are hosts of unreasonable people irritated and impatient and threatening to remove their custom to some other store. All this shows a great lack, not merely of the sense of proportion, but of common sense. Liberalism is entitled in its work to that fair play which is supposed to be the peculiar attribute of the British character.

There are some people who, in spite of all we have done, are not satisfied because we have not done everything. We cannot be held responsible for the delays and blunders of the last twenty years. We are doing our best to repair them. And we would have done more but for the malignant destructiveness of the House of Lords. Three of the greatest measures the Government laboriously carried through the Commons have been slaughtered in the charnel-house across the road, and the Lords are now menacing the life of the fourth.

For twenty years Liberals were not responsible for the Government of the country, and they are not responsible for the delay and for the blunders, administrative and legislative, of those twenty years, when another

party was governing the country. Seven years were wasted in an insane hunt for gold in South Africa. Some people thought there was going to be found some Eldorado there which would make every man, woman, and child rich for ever in this land. But it is unfair to blame the Liberal party for that waste ; therefore I think we are entitled to say that we are responsible only for the last two and half years of government, and to appeal to the people of this country to exercise patience and let us work out the term for which we have been called upon to serve. Although we have done a good deal, the task of Liberalism has only just begun. We are not in the slightest degree discouraged by the opposition of foes or by the impatience of friends. We mean to go on steadily along the path which we marked out for ourselves at the outset.

What is the work still waiting the Liberal party in this country ? It is to establish complete religious equality in our institutions. There is no religious equality so long as men of capacity and character are debarred from competing for teacherships in 14,000 State schools because they cannot conscientiously conform to the doctrines of some dominant sect. There is no religious equality as long as one sect whose dogmas in Wales, at any rate, are repudiated by the vast majority of the people, is able to pose as the official exponent of the faith of the Welsh people, and to enjoy all the privileges, emoluments, and endowments attached to that position. I place the establishment of complete religious equality in the forefront, because it lies in the domain of conscience, and must therefore have a greater effect on the spirit, and consequently on the destiny of the nation, than anything that can be done in the sphere of its material interests. It affects the self-respect and the independence of a race—a privileged race and caste debase the coinage and manliness in a nation—and nothing can save a people afflicted by such institutions from the spirit of bondage but an incessant protest against them. That is why I rejoice in the unbroken resistance Wales has made, and is still making, against the brand of inferiority stamped by the State on the faith of the majority of its people. That protest has not yet ripened into a statute of the realm for Wales. No. But it has saved her soul from the curse of obsequiousness, and soon the offence itself will be removed.

The same observations apply to the question of civil equality. We have not yet attained to it in this country—far from it. You will not have established it in this land until the child of the poorest parent shall have the same opportunity for receiving the best education as the child of the richest. It will not have been established as long as one man has the power and influence in the Councils of the nation which is attached to the possession of ten votes ; and another equally deserving—and, maybe, more deserving—has only one, or, maybe, none at all. It will never be established so long as you have 500 men nominated by the lottery of birth to exercise the right of thwarting the wishes of the majority of 40 millions of their countrymen in the determination of the best way of governing the country. I hope no prospect of a temporary material advantage will blind the people of this country to the permanent good for them of vindicating in the laws and institutions of the land these great

principles, which lie at the root of freedom and good government for the people.

On the other hand, I think there is a danger that Liberals may imagine that their task begins and ends here. If they do so, then they will not accomplish even that task.

British Liberalism is not going to repeat the errors of Continental Liberalism. The fate of Continental Liberalism should warn them of that danger. It has been swept on one side before it had well begun its work, because it refused to adapt itself to new conditions. The Liberalism of the Continent concerned itself exclusively with mending and perfecting the machinery which was to grind corn for the people. It forgot that the people had to live whilst the process was going on, and people saw their lives pass away without anything being accomplished. But British Liberalism had been better advised. It has not abandoned the traditional ambition of the Liberal party to establish freedom and equality ; but side by side with this effort it promotes measures for ameliorating the conditions of life for the multitude.

The old Liberals in this country used the natural discontent of the people with the poverty and precariousness of the means of subsistence as a motive power to win for them a better, more influential, and more honourable status in the citizenship of their native land. The new Liberalism, while pursuing this great political ideal with unflinching energy, devotes a part of its endeavour also to the removing of the immediate causes of discontent. It is true that men cannot live by bread alone. It is equally true that a man cannot live without bread. Let Liberalism proceed with its glorious work of building up the temple of liberty in this country, but let it also bear in mind that the worshippers at that shrine have to live.

It is a recognition of that elemental fact that has promoted legislation like the Old Age Pensions Act. It is but the beginning of things. Legislation of this character is essentially just, and it is a severe reflection on our civilisation that we should have waited so long ere we undertook the making of a provision of that kind for the aged and deserving poor. There are 43 millions of people in this country. They are not here of their own choice. Whether they are here by accident or the direct decree of Providence, at any rate they had no control or voice in the selection of the land of their birth. If hundreds and thousands of them either starved or were on the brink of starvation, we must not blame Providence for this misfortune. There are abundant material resources in this country to feed, clothe, and shelter them all—yea, and if properly husbanded and managed, to do the same for many millions more.

Why, then, is there so much want and wretchedness in the land ? I have heard it suggested by rather shallow critics that it is attributable to Free Trade. What nonsense ! If Free Trade had reduced this country to poverty and made it poorer than other countries which are enjoying a Protectionist tariff, I could understand their taunt. But the fact is that Britain is the richest land under the sun after over sixty years of Free Trade, and there is not a decade that passes over its head that it has not added hundreds of millions to its surplus wealth. We must therefore seek

for other causes. Poverty is the result of a man's own misconduct or misfortune. In so far as he brings it on himself, the State cannot accomplish much. It can do something, however, to protect him. In so far as poverty is due to circumstances over which the man has no control, then the State should step in to the very utmost limit of its resources, and save the man from the physical and mental torture involved in extreme penury.

Let us take the case of a man who has brought it on himself, say, by drinking, gambling, idleness, or other evil habits. The State can do something by removing temptations and by brightening the general environments of life to save people from bringing themselves to poverty through some of these causes. That is the meaning of such legislation as the Street Betting Bill and the Licensing Bill and the Housing Bill. Idleness is a more difficult problem, perhaps, than drinking, but much of this is also due to the lassitude and lack of vitality which comes from insufficient nourishment and bad conditions. Owing to these circumstances, men are not equipped with the necessary strength and energy for consistent and continuous toil. Better conditions of life for the people will produce an appreciable diminution in the numbers of the idle classes at both ends of the scale, for the State cannot well support both, and it must adopt the most effective method for getting rid of them. They are a burden and a source of danger. But there is another and a larger section of the poverty-stricken than these, and it is with that section I am mainly concerned—those who through no fault of their own are unable to earn their daily bread, the aged and infirm, the broken in health, the unemployed, and those dependent upon them. The aged we have dealt with during the present Session. We are still confronted with the more gigantic task of dealing with the rest—the sick, the infirm, the unemployed, the widows, and the orphans. No country can lay any real claim to civilisation that allows them to starve. Starvation is a punishment that society has ceased to inflict for centuries on its worst criminals, and at its most barbarous stage humanity never starved the children of the criminal.

But what happens to-day in the working of the great economic machine? A workman breaks down in his prime, and permanently loses his power of earning a livelihood. He has done his best to contribute to the common stock and he can do no more. Why should he be allowed to starve and his children to die of hunger in this land of superabundant plenty? A workman dies, having done his duty as faithfully to his country as the soldier who falls on the stricken field. He has contributed the whole of his strength and skill towards building up its might and riches. Has the country no obligation to see that those left behind receive their daily bread? Here is the richest country in the world. What a shabby country it must be that it does not see that the widows and orphans of those who have served it faithfully are not suffering from want!

Take another case. A good workman is thrown out of employment. Whose fault is it? Perhaps some greedy financiers', it may be in another country altogether, who, in their eagerness to get very rich, overstep the bounds of prudent speculation. There is a crash. A panic follows. The trade routes are blocked with the debris, and hundreds of thousands, nay,

millions of workmen in many lands are forced to remain idle until the roads are cleared and traffic is resumed. The workmen are not to blame.

Is it just, is it fair, is it humane to let them suffer privation? I do not think the better-off classes, whose comfort is assured, realise the sufferings of the unemployed workmen. What is poverty? Have you felt it yourselves? If not, you ought to thank God for having been spared its sufferings and its temptations. Have you ever seen others enduring it? Then pray God to forgive you, if you have not done your best to alleviate it. By poverty I mean real poverty, not the cutting down of your establishment, not the limitation of your luxuries. I mean the poverty of the man who does not know how long he can keep a roof over his head, and where he will turn to find a meal for the pinched and hungry little children who look to him for sustenance and protection. That is what unemployment means.

I have had some excruciating letters piled upon me, more especially during the last year or two, from people whose cases I have investigated—honest workmen thrown out of work, tramping the streets and from town to town, from one workshop to another, begging for work as they would for charity, and at the end of the day trudging home tired, disheartened, and empty-handed, to be greeted by faces, and some of them little faces, haggard and pinched with starvation and anxiety. The day will come, and it is not far distant, that this country will shudder at its toleration of that state of things when it was rolling in wealth. I say again, that apart from its inhumanity and its essential injustice, it is robbery, it is confiscation of what is the workman's share of the riches of this land. During years of prosperity the workman has helped to create these enormous resources of wealth which have accumulated in the country since the last period of depression. Hundreds of millions are added to the national wealth during the cycle of plenty. Surely, a few of these millions might be spared to preserve from hunger and from torturing anxiety the workmen who have helped to make that great wealth.

I have heard some foolish mutterings that much recognition of this fact in legislation may drive capital away. There is nothing capital need fear as much as the despair of the multitude. And I should like to know whither it will flee, for, judging by the unmistakable symptoms of the times, there will soon be no civilised land in the world where proper provision for the aged, the broken, and the unfortunate amongst those who toil will not be regarded as the first charge upon the wealth of the land.

And may I say that there is a good deal of nonsense talked about capital? You might imagine that a large number of people contributed labour either of brain or of muscle or of both, to the wealth of the country, and that another section, and, unfortunately, a smaller number of people contributed something, which is known as capital, and that immediately those people are offended they are liable at any moment to shake the dust of this country off their feet and to carry their capital with them to other lands, where there would be no Socialists and no agitators and no Radical politicians.

The fact of the matter is, that the greatest capitalist in this country is nature. What is it that has made this the wealthiest land under the



AN INGENUOUS CONNECTING ROD.

(Not a missing link.)

(By permission of "Western Mail," Cardiff.)

sun ? It is the richness and the convenience of its great coal deposits, not only excellent in quality, but so deposited as to be within convenient access to the sea, so that it is ready for export to other lands without the handicap of a prohibitive land transport. It is nature, too, that has made it possible for other minerals to be brought from other countries at an insignificant expense. We see it in our large coastline everywhere indented by estuaries and creeks that constitute some of the finest natural harbours in the world. These advantages have enabled us to build up the greatest mercantile marine the world has ever seen. We have a climate that has not only kept us up to the mark and made us a vigorous and energetic race, but one that has peculiar qualities of moisture not attractive from a tourist's point of view, but invaluable to the manufacturer of cotton and woollen fabrics. There is also the great fact that nature has made us an island and that the sea, like a deep and wide moat, has protected us from the ravages and incursions of Continental marauders for centuries.

We have, therefore, enjoyed the inestimable boon of peace, and whilst every Continental country in its turn has been scorched by war, and its resources for the time being devastated and destroyed, we have built up and accumulated wealth generation after generation. You might imagine from the vainglorious talk which is being indulged in, more especially by peers and their apologists, that these rich mineral deposits were brought here at the time of the Norman Conquest by the ancestors of some of our great landlords ; that they were placed in these convenient spots near the coast by those dukes and earls and barons after they had stolen the commons from the people. You might almost imagine that these profitable elements in our atmosphere were the invention of some ingenious chemist whose patent has been exploited by a syndicate of capitalists floated on the London Stock Exchange ; that our creeks, estuaries, and harbours were all the result of some baronial ingenuity, and there is almost a hint conveyed that if this kind of Radical legislation is allowed to go on the consequence will be of the most disastrous character. The miner will go down one morning into a Glamorganshire coal pit with his mandril and his safety lamp, and discover to his amazement that he will be driving his pick into the bare shale, for every seam of coal will have been scooped out and carried away to Germany. At Swansea you will go down to your wharves and find your harbour choked, your ships stranded high and dry on the silted sands, for capital will have fled. The Lancashire cotton spinner will go down to his mill and find his threads snapping hopelessly, for the moisture will have disappeared from the air. And, worse than all, there will be no more sea, for it will have receded in disgust from these plebeian shores, and the men of the East Coast will witness the armies of Germany walk over on dry land to trample down into dust this land, already ruined by this hegira of capital.

In these investments of nature the toiler has, or should have, his share, and at any rate it is fair for him to insist that the wealth which is attributable to them shall be utilised to protect him and his children from hunger in the dark days of misfortune. No one can really honestly defend the present system. All classes are not taking their fair share of the burden

of trade depression. I can name twelve men, and so can you, for it is no Exchequer secret, whose aggregate income during the worst days of depression would suffice to maintain in comfort during the whole of one winter at least 50,000 workmen and their families, and yet you probably find these twelve men on a Tariff Reform platform proclaiming that the distress incidental to unemployment is entirely attributable to the fact that the bread of the workman is still untaxed. Think of it—250,000 men and women and children could live on the income that these twelve men would receive during the worst period of trade depression, and received without ever earning it. I am not one of those who advocate confiscation, and at any rate as far as I am concerned honest capital, capital put in honest industries for the development of the industry, the trade, and the commerce of this country, will have nothing to fear from any proposal I shall ever be responsible for submitting to the Parliament of this realm.

But I do without fear of misrepresentation say that the first charge on the great natural resources of this country ought to be the maintenance above want of all those who are giving their labour and brain and muscle to the cultivation and development of those resources. These conditions I have described the Liberal party has already done something to redress. It will yet do more. It pursues its course of legislative beneficence assailed on all hands. Whilst it was extending the mercy of a small pension to the aged who have won it by a life of toil, Liberalism was assailed with bind fury by the Tory party in front. Incredible as it may seem, it was attacked with spiteful savagery by Socialists on the flank. We are not discouraged, and we mean to go on. And even if we fail we shall have spared many thousands of old workmen in the land the cruel alternative of the workhouse or privation. We shall have saved the millions of workmen in this country from the torment and waste of vitality which come from the constant dread that ill-health or unemployment may leave them and those dependent on them face to face with hunger. We in Britain shall have struck starvation for ever from the dark category of evils with which honest men and women are beset. I hope we shall have done something to promote the divine cause of peace on earth and goodwill amongst men, which is an essential step in the redemption of the human race from the ills that afflict it.

And if, through the mischievous obstruction of an irresponsible and selfish Assembly, we fail to establish liberty of conscience in every State school in the land, to extend a larger measure of protection to the homes of the people against the inroads of drink, to equip our municipal institutions with the power of improving the homes in which the children of the nation are reared, to extend equal rights of citizenship to all those who contribute their best of strength and skill to the common stock, then we shall invite the electorate of this country to arm us with the authority to use the most effective means for removing this senseless obstruction from the path of progress. Whatever befalls Liberalism at the next election, I feel assured that with such a record as this the democracy will turn again with renewed hope and confidence to the great party which served it so loyally, so effectively, and so jealously in the days of its power.

THE RESPONSIBILITIES OF OFFICE

A speech delivered at the Incorporated Law Society's Hall on the occasion of the presentation of Mr. Lloyd George's portrait to the Society, January 29, 1909.

I HAVE not merely been gratified and flattered by this token of appreciation from my brother solicitors, but I feel very deeply touched by it. To be painted by so distinguished an artist as Sir Luke Fildes is enough to confer immortality upon the homeliest features, but there is something more even than that for a solicitor on this occasion. It is only those who belong to the profession who fully understand the value which a man attaches to the appreciation of his brother professionals. Looking over the list of those who have been good enough to subscribe to this portrait, I find names there which, in my younger days, as a student, I used to regard with awe and reverence, men who had already attained heights which appeared to me to be unattainable while I was struggling in the lower reaches of the profession. So unattainable did they seem to me that I gave it up and preferred rather to scale the dizzy crags of politics. Although I have met those gentlemen since on many occasions—often round the festive table, and many of them I am proud to regard as friends—I have never been able to shake off that sense of reverence with which their names used to inspire me in my student days. I cannot tell you what gratification it is to me to have such men thinking it worth their while to make the slightest sacrifice in order to pay such a tribute as this to so humble a member of the profession.

But I also appreciate it all the more for the reason which has been put before you by Sir John Gray Hill and Mr. Beale in their speeches, and I realise that this is a non-political occasion, and that men of all parties have taken part in it. This is a country where the party system is more deeply rooted than probably in any country of the world. I am not so sure that political feeling does not reach higher here than in almost any country, and yet there is no country where party feeling interferes less with the amenities of life. Men of opposite parties meet on most friendly and amiable terms, a condition of things which very few countries can compete in; and I know perfectly well that there are men who have been good enough to subscribe towards this portrait who hold my political opinions in that sort of detestation with which every well-bred Britisher is bound to contemplate every political or religious opinion which he has not been brought up to. Therefore, this makes the occasion all the more

pleasant and all the more significant, because it shows that we can really sink political differences and rise above political rancours on an occasion of this kind.

Sir John Gray Hill and Mr. Beale have been kind enough to refer to my career at the Board of Trade, where I had something to do with the shipping and the railway world, in which Sir John Gray Hill and Mr. Beale hold so distinguished a position, and I shall never feel grateful enough for the assistance I had from Sir John Gray Hill's partner, Mr. Norman Hill, in the framing of the Merchant Shipping Act. He spent weeks of his time at the Board of Trade in giving me the benefit of his wide experience in the framing of that Bill.

Well, when a solicitor went to the Board of Trade people expressed surprise, and when a solicitor did not altogether make an absolute mess of it there was still more surprise, and they said, "The idea of putting a solicitor to look after business!" forgetting that the whole living of a solicitor depends on the success with which he looks after other people's business. It is his business to master the affairs of everybody; that is what he lives on; and there is hardly a branch of commerce or of industry that a busy solicitor does not come in contact with in the course of his profession. And although at the Board of Trade an infinite variety of business and of commercial concerns come before one, there was not one of them with which I had not come, somehow or other, in contact in the course of my experience as a solicitor. That is just as a hint to future Governments and Prime Ministers. So that, as long as the Law List is unexhausted, no Prime Minister need despair of getting a well-equipped President of the Board of Trade. People were surprised that a solicitor could be conciliatory, that he could settle differences. The popular idea is that the business of a solicitor is to egg people on and to get them to quarrel, that they are the people who stimulate litigation. I am speaking to solicitors, and there is not one of them who does not know that that is a perfect libel upon the profession. We all know that the greatest difficulty we always experience is to keep clients back from litigation, and there are far more settlements due to the tact, and the common sense, and the judgment of solicitors than to the peaceable disposition of clients.

If you will allow me to say one word about the Board of Trade—I liked it very much. There was a repose about it to which I had been quite unaccustomed. After years of strife, politically, I found myself at peace with all my neighbours. I met men of all political parties and men of no political parties—because there are a great many people who care very little about any political party in this country; and I met these. And I will say this, that, whether of every political party or of no political party, they all did their very best to help me to administer the affairs of the Board of Trade in the general interest of the trade and commerce of the country; and it was quite a delightful experience to be able, for two or three years, to work in a department where there was really no political feeling, no political bias and no political prejudice. Well, I have left the Board of Trade. When I got to the Board of Trade I felt exactly like a

mariner who had been all his life in stormy trades in a very frail craft and who had been appointed to the position of the harbour master. There was a calm, a peace about it that was soothing.

I have put out to sea again ; and directly I got outside the Board of Trade I was met with a bitter blast. The sea was very stormy, and it looked like a very stormy passage. The weather was bad when I got there—it has been getting steadily worse, and, although there is a prospect of its improving in the course of time, still, I am in for a rough time. I agree, I accept the words of your president, it is a stupendous task that lies before me. It is the first time a solicitor has been a Chancellor of the Exchequer, and I feel that the honour of the profession is concerned. There is no profession which comes into more intimate or into closer relations with the affairs of business people and with the propertied classes than that of the solicitor, and I should like to say one word about finance before I sit down, and I will undertake to do so without offending the susceptibilities of even my friend Mr. Hills. It is a very heavy job, and I have been reproached for facing it with a merry heart. Well, if I have it is because I do not believe in wearing my heart on my sleeve. It is not because I have not realised the gravity of the financial position, but no man has ever got through a tough job by whining about it. I believe I am quoted as having perpetrated a joke—it was a bad one, I will admit, a very bad one. But, bad as it was,

many a dull dog has found it his sole substitute for humour, the mere quotation of it during the dreary winter months. So it has served some purpose. But no man is disposed to treat the financial embarrassments of the country at the present moment less lightly than I am. I fully realise that it is a stupendous undertaking. We have difficulties in common with many other great countries. We do not stand alone. But that does not make our task easier. I have heard it suggested that I regard the coming Budget as a sort of punitive expedition against the tribes which have been molesting the Government. I should not have thought it necessary for any British Minister to disclaim the possession of such a purpose. If a Chancellor of the Exchequer undertook the framing of a Budget in a retributive or vindictive spirit against any class, against any party, against any section, I say here he is not merely



HE PILOTED THE MERCHANT SHIPPING BILL
VERY SKILFULLY.

unworthy of his high office, he would not be fit to be appointed an Excise-man in a country village. Why, I would not trust such a man that he would not tax one dog out of spite against its owner and exempt another dog because he liked its master. Such a thing is impossible. There is no branch of the public service which demands such ruthless impartiality as the control and direction of the national finance. You should tax no man, you should permit no man to escape taxation, from fear or favour, affection or ill-will. A Chancellor of the Exchequer ought to have a single eye, and that ought to be fixed on the national interests. He ought to have a single purpose, and that ought to be the protection and confirmation of those interests. It is in that spirit I claim to have administered the affairs of the Board of Trade when I was there ; it is in that spirit that I approach the greater and more trying task which is in front of me.

And I tell you, while thanking you for this great tribute of appreciation which my brother solicitors have been good enough to pay to me, and for the kind words of Sir John Gray Hill and Mr. Beale, distinguished members of this profession to which I am proud to belong, that, whether I fail or succeed in the task before me, at any rate, I shall honestly attempt to do my duty there, and I shall not disgrace the profession to which I belong.

SPEECH ON
THE PEOPLE'S BUDGET

Delivered in the House of Commons, April 29, 1909

The circumstances in which Mr. Lloyd George delivered this speech, upon the introduction of the epoch-making Budget of 1909, which was the beginning of a new era in British politics, are dealt with in the text, Vol. III., Chapter V.

BEFORE I explain the proposals which I shall submit for the liquidation of this year's deficit of £15,762,000, I must invite hon. Members to join me in taking a wider survey of our financial responsibilities at this moment. It must be patent to every one cognisant of the facts that fresh liabilities must be incurred next year in connection with the Navy and with social reform. These are commitments to which we are pledged, and from which no Government can honourably escape, and if I were to ignore these liabilities altogether in arranging my finance for this year I might, it is true, lighten my burden very considerably, but I should be guilty of an unbusiness-like short-sightedness which would be highly culpable.

I cannot conceive anything which would be more disturbing to trade than the uncertainty which must ensue if it were thought that, in addition to the taxes for the year, new and unknown taxes were looming in the near future. It is far better, as well as bolder, therefore, that we should frankly examine the financial outlook and make provision not merely for the ascertained needs of the year, but for the further and increased liabilities which are not merely in sight, but to which the Government and Parliament are definitely and irrevocably committed. Prudence seems to me to dictate such a policy, and although it may seem as if we were needlessly anticipating troubles of the morrow, still those troubles are inevitable, and it is therefore better to provide against them without delay. This is the course which would be adopted in any commercial undertaking conducted on ordinary business lines.

Let us, therefore, examine our commitments. First of all comes the Navy. Up to the present we have been considering the Naval problem from the point of view of merely spending money.

I shall now have to invite hon. Members and the country to consider the Naval problem from the equally essential but less agreeable standpoint of paying. Spending is pleasant, paying is irksome; spending is noble, paying is sordid. And it is on me falls the labour of making the arrangements for the less attractive part of the Naval programme. Let us see what it means.

The building of two "Dreadnoughts" represents nearly a penny a year on the income tax during the two years of construction. The construction of four "Dreadnoughts," therefore, represents nearly 2*d.*, and of eight "Dreadnoughts" nearly 4*d.*, added on to the income tax. It is my business as Finance Minister to consider all these programmes which add to the expenditure of the country in the terms of new taxes. In estimating what the Naval programme is likely to cost the Chancellor of the Exchequer next year I must, of course, premise that it is quite impossible with even approximate accuracy to forecast twelve months ahead what the expenditure of any Department of the Government is likely to be; at any rate, so I am assured.

But there are one or two facts which lead to the inevitable conclusion that we must look forward to a considerable increase in our Naval expenditure next year. Let us, first of all, examine the prospect, if the programme this year is confined to four "Dreadnoughts." Then I will examine what it will mean if we have eight "Dreadnoughts." The Vote taken this year in respect of building these four "Dreadnoughts" will cover building operations in the case of two "Dreadnoughts" for nine months, in the case of the second instalment for only six months, and the first few months' expense upon these huge machines is, I am told, the least burdensome. But next year the Treasury will have to find money for paying the whole cost of construction of four "Dreadnoughts" during an unbroken period of twelve months. This, in addition to an eleven months' building on the two "Dreadnoughts" which were laid down some time ago, will bring up the Estimates of the year for Naval construction to a figure which is considerably above even the increased estimate of this year. But if in addition to these four "Dreadnoughts" we are to have a twelve months' expenditure upon still four more, the Naval Bill for the year will attain very serious and grave dimensions indeed, at which the taxpayer may well shudder.

I am not putting these considerations forward in any sense as reasons why we should not incur this expenditure. Whatever be the cost, no great country can afford to shirk its responsibilities for the defence of its coasts against every possible invader, and I am not dwelling on the magnitude of the burden which is cast upon us in order to suggest that we should in the slightest degree lighten the load by evading any part of our obligations. I have simply invited the Committee to consider the prospect in front of them, not with a view to urging them to run away from the imperative duty which is thrust upon them of providing for the defence of the country, but rather in order that they might follow me in facing that prospect, and make beforehand all the provision which wise and resolute forethought shall deem adequate for the occasion. We all value too highly the im-

munity which this country has so long enjoyed from the horrors of an invaded land to endanger it for lack of timely provision.

That immunity at its very lowest has been for generations, and still is, a great national asset. It has undoubtedly given us the tranquillity and the security which have enabled us to build up our great national wealth. It is an essential part of that wealth. At the highest it means an inviolable guarantee for our national freedom and independence. Nay, more. Many a time in comparatively recent history it has been the citadel and the sole guarantee which have saved the menaced liberties of Europe from an impending doom. I can assure hon. Members if they still have any suspicion lurking in their minds that any Member of this Government or of this party proposes in any ill-judged fit of parsimony to risk even for an hour so precious a national treasure, they can dismiss those unworthy suspicions entirely from their minds. Such a stupendous act of folly would, in the present temper of nations, not be Liberalism, but lunacy. We do not intend to put in jeopardy the naval supremacy which is so essential not only to our national existence, but, in our judgment, to the vital interests of Western civilisation. But, in my judgment, it would also be an act of criminal insanity to throw away £8,000,000 of money which is so much needed for other purposes on building gigantic flotillas to encounter mythical Armadas. That is why we propose only to incur this enormous expenditure when the need for it arises. We must ensure the complete security of our shores against all real dangers, but, rich nation as we are, we cannot afford to build navies against nightmares. It is much too expensive an operation. To throw away millions of money when there is no real need for it purely to appease an unreasoning panic would be to squander resources essential to our safety in time of real danger.

It is the business of a Government to follow with calmness, as well as with courage, the middle path between panic and parsimony, which is the only safe road to national security. However, as it may be necessary to make arrangements for laying down all the eight "Dreadnoughts" on April 1, 1910, so as to complete them by April, 1912, the financial proposals which I shall submit to the Committee will be of such a character that we can pay for them without resorting either to additional taxation or to the vicious expedient of a loan. Should it on the other hand be discovered that our fears are groundless, and that this precipitate "Dreadnought" building is unnecessary, then the money will find its uses either in further endowment of our social programme for the benefit of the masses of the people or in giving the much-promised relief to the local ratepayer.

He is entitled to consideration in respect of the increased expenditure imposed upon him by the late Government and by the present Government, more especially in educational matters. He has also been very hard pressed owing to the increased costliness of maintaining the roads, attributable to the development in mechanical traction. I am not sure that it is altogether a fiscal question. It has almost become a great social question; for the municipalities are at the end of their resources, and their work is almost at a standstill in many of these areas, because they cannot afford to spend what is absolutely necessary on their development. The

local ratepayer has been promised consideration by successive Governments, and he is surely entitled to get it. I think I can safely say more : the financial proposals which I shall lay before the House will enable me to make good that promise.

Now I come to the consideration of the social problems which are urgently pressing for solution—problems affecting the lives of the people. The solution of all these questions involves finance. What the Government have to ask themselves is this : Can the whole subject of further social reform be postponed until the increasing demands made upon the National Exchequer by the growth of armaments have ceased ? Not merely *can* it be postponed, but ought it to be postponed ? Is there the slightest hope that if we deferred consideration of the matter we are likely within a generation to find any more favourable moment for attending to it ? And we have to ask ourselves this further question. If we put off dealing with these social sores, are the evils which arise from them not likely to grow and to fester, until finally the loss which the country sustains will be infinitely greater than anything it would have to bear in paying the cost of an immediate remedy ?

There are hundreds of thousands of men, women, and children in this country now enduring hardships for which the sternest judge would not hold them responsible ; hardships entirely due to circumstances over which they have not the slightest command ; the fluctuations and changes of trade, even of fashions ; ill-health and the premature breakdown or death of the breadwinner. Owing to events of this kind, all of them beyond human control—at any rate beyond the control of the victims—thousands, and I am not sure I should be wrong if I said millions, are precipitated into a condition of acute distress and poverty. How many people there are of this kind in this wealthy land the figures as to Old Age Pensions have thrown a very unpleasant light upon. Is it fair, is it just, is it humane, is it honourable, is it safe to subject such a multitude of our poor fellow-countrymen and countrywomen to continued endurance of these miseries until nations have learnt enough wisdom not to squander their resources on these huge machines for the destruction of human life ? I have no doubt as to the answer which will be given to that question by a nation as rich in humanity as it is in store.

Last year, whilst we were discussing the Old Age Pensions Bill, all parties in this House recognised fully and freely that once we had started on these lines the case for extension was irresistible. The Leader of the Opposition, in what I venture to regard as probably the most notable speeches he has delivered in this Parliament—I refer to his speech on the third reading of the Old Age Pensions Bill and the speech he delivered the other day on the question of unemployment—recognised quite boldly that whichever party was in power provision would have to be made in some shape or other for those who are out of work through no fault of their own and those who are incapacitated for work owing to physical causes for which they are not responsible. And there was at least one extension of the Old Age Pensions Act which received the unanimous assent of the House, and which the Government were pressed to give, not merely a Par-

liamentary but a statutory pledge to execute. I refer to the proposal to extend the pension to the meritorious pauper.

During the discussion on the Old Age Pensions Bill in the House of Commons, several Amendments were moved with a view to extending the benefits of the Act to the septuagenarian pauper, and I think it was generally felt in all quarters of the House that it was rather hard upon those who had managed up to a ripe old age by a life of hard work to keep off the Poor Law, and who only finally resorted to parochial relief when their physical powers utterly failed them—it was rather hard they should be still kept to their miserable and pauper-tainted allowance of 2s. 6d. a week, while their more fortunate but not more deserving neighbours were in receipt of an honourable State pension of 5s. a week, and often of 10s. a week. That cannot possibly stand. It was condemned by all, and could only be defended by the Government on the ground of stern financial necessity. With the unanimous assent of the House of Commons a purely provisional character was given to the pauper disqualification, and, unless something is done, it automatically comes to an end on January 1, 1911, and all these poor old people, numbering between 200,000 and 300,000, will become chargeable to the Pension Fund.

I cannot recommend Parliament to undertake the whole financial burden of putting such a transaction through. It would put too heavy a charge upon the Exchequer, and there is no reason why it should fall entirely upon Imperial funds. At the present moment these paupers cost something like £2,000,000 to the local rates of the country. If we received a contribution from local funds which would be substantially equivalent to the relief which would be afforded by withdrawing such a large number of paupers from the rates, then something could be done to remove this crying hardship. My right hon. friend the President of the Local Government Board and I have entered into negotiations with some representatives of local authorities with a view to effecting an arrangement on this basis, and although we have not yet arrived at any decision as to the amount of the national contribution, we are very hopeful of being able to enter into a bargain which will be satisfactory to all parties concerned. I do not think it would be desirable for me at this stage to give any figures—otherwise it might embarrass us in the negotiations—but it is my intention in the financial proposals which I shall submit to the House, I am afraid not this year, but probably next year, to make provision which will enable us with the assistance of the local authorities to raise over 200,000 old people from the slough of pauperism to the dignity and the comparative comfort of State pensioners. That is a contingent liability which I am bound to take full note of in arranging my finance, because it is perfectly clear we cannot impose taxation this year and next year impose new taxation for proposals of which at the present moment we have full cognisance.

But still, all those who have given any thought and study to this question must realise that the inclusion of the septuagenarian pauper is but a very small part of the problem which awaits solution—a problem of human suffering which does not become any easier of solution by postponement. On the contrary, the longer we defer the task of grappling with it the more

tangled and the more desperate it becomes. We are pledged, definitely pledged by speeches from the Prime Minister given both in the House and outside, to supplementing our Old Age Pension proposals. How is that to be done?

It has been suggested that we should reduce the age limit. I am emphatically of opinion that that is the most improvident and ineffective method of approaching the question, and that it would be the line upon which advance would be slowest and most difficult, and which would achieve the least hopeful results. For the moment it is financially impracticable.

A reduction of the age limit to 65 would cost an additional 15 or 20 millions a year to the Exchequer. I will not say that is beyond the resources of a rich country like this, but it is much the most wasteful way of dealing with the question, for whilst it would afford relief to many thousands and hundreds of thousands probably who neither need nor desire it, and whose strength is probably more happily and profitably employed in labour, it would leave out of account altogether far and away the most distressing and the most deserving cases of poverty.

What are the dominating causes of poverty amongst the industrial classes? For the moment I do not refer to the poverty which is brought about by a man's own fault. I am only alluding to causes over which he has no control. Old age, premature breakdown in health and strength, the death of the breadwinner, and unemployment due either to the decay of industries and seasonable demands, or to the fluctuations or depressions in trade. The distress caused by any or either of these causes is much more deserving of immediate attention than the case of a healthy and vigorous man of 65 years of age, who is able to pursue his daily avocation, and to earn without undue strain an income which is quite considerable enough to provide him and his wife with a comfortable subsistence.

When Bismarck was strengthening the foundations of the new German Empire one of the very first tasks he undertook was the organisation of a scheme which insured the German workmen and their families against the worst evils arising from these common accidents of life. And a superb scheme it is. It has saved an incalculable amount of human misery to hundreds of thousands and possibly millions of people.

Wherever I went in Germany, north or south, and whomever I met, whether it was an employer or a workman, a Conservative or a Liberal, a Socialist or a Trade Union leader—men of all ranks, sections and creeds, with one accord joined in lauding the benefits which have been conferred upon Germany by this beneficent policy. Several wanted extensions, but there was not one who wanted to go back. The employers admitted that at first they did not quite like the new burdens it cast upon them, but they now fully realised the advantages which even they derived from the expenditure, for it had raised the standard of the workman throughout Germany.

By removing that element of anxiety and worry from their lives it had improved their efficiency. Benefits which in the aggregate amounted to 40 millions a year were being distributed under this plan. When I was there the Government were contemplating an enlargement of its operations



A FANCY PORTRAIT.

Mr. Lloyd George on his return from Germany.

(By permission of "Western Mail," Cardiff.)

which would extend its benefits to clerks and to the widows and orphans of the industrial population. They anticipated that when complete the total cost of the scheme would be 53 millions a year. Out of the present benefits of 40 millions the Government contribute something under 3 millions a year. Out of the 53 millions they were looking forward to having to find 5 millions. I know it is always suggested that any approval of the German scheme necessarily involves a condemnation of the Act of last year. That is not so. The Act of last year constitutes the necessary basis upon which to found any scheme based on German lines. It would be quite impossible to work any measure which would involve a contribution from men who are either already 70 years of age or approaching the confines of that age as a condition precedent to their receiving any benefits. It was therefore essential that people who had attained this great age should be placed in a totally different category. But that is not a reason why the young and vigorous who are in full employment should not be called upon to contribute towards some proposals for making provision for those accidents to which we are all liable, and always liable.

At the present moment there is a network of powerful organisations in this country, most of them managed with infinite skill and capacity, which have succeeded in inducing millions of workmen in this country to make something like systematic provision for the troubles of life. But in spite of all the ability which has been expended upon them, in spite of the confidence they generally and deservedly inspire, unfortunately there is a margin of people in this country amounting in the aggregate to several millions who either cannot be persuaded or perhaps cannot afford to bear the expense of the systematic contributions which alone make membership effective in these great institutions. And the experience of this and of every other country is that no plan or variety of plans short of an universal compulsory system can ever hope to succeed in coping adequately with the problem. In this country we have trusted until recently to voluntary effort, but we found that for old age and accidents it was insufficient.

In Belgium they have resorted to the plan of granting heavy subsidies to voluntary organisations, and they have met with a certain amount of success. But whether here or in Belgium, or in any other land, success must be partial where reliance is absolutely placed upon the readiness of men and women to look ahead in the days of abounding health and strength and buoyancy of spirit to misfortunes which are not even in sight, and which may be ever averted.

The Government are now giving careful consideration to the best methods for making such a provision. We are investigating closely the plans adopted by foreign countries, and I hope to circulate Papers on the point very soon. We have put ourselves into communication with the leaders of some of the principal friendly societies in the country with a view to seeking their invaluable counsel and direction. We could not possibly get safer or more experienced advisers. We are giving special attention to the important reports of the Poor Law Commission, both Majority and Minority, which advise that the leading principle of Poor Law legislation in future should be the drawing of a clear and definite line between

those whose poverty is the result of their own misdeeds and those who have been brought to want through misfortune.

All I am in a position now to say is that, at any rate, in any scheme which we may finally adopt we shall be guided by these leading principles or considerations. The first is that no plan can hope to be really comprehensive or conclusive which does not include an element of compulsion. The second is that for financial as well as for other reasons, which I do not wish to enter into now, success is unattainable in the near future, except on the basis of a direct contribution from the classes more immediately concerned. The third is that there must be a State contribution substantial enough to enable those whose means are too limited and precarious to sustain adequate premiums to overcome that difficulty without throwing undue risks on other contributors. The fourth, and by no means the least important, is that in this country, where benefit and provident societies represent such a triumph of organisation of patience and self-government, as probably no other country has ever witnessed, no scheme would be profitable, no scheme would be tolerable, which would do the least damage to those highly beneficent organisations. On the contrary, it must be the aim of every well-considered plan to encourage, and, if practicable, as I believe it is, to work through them.

That is all I propose to say on that particular subject at this juncture. I have gone into it at this length merely to indicate that here also is a source of contingent liability which I am bound to take into account in my financial scheme. In this country we have already provided for the aged over 70. We have made pretty complete provision for accidents. All we have now left to do in order to put ourselves on a level with Germany—I hope our competition with Germany will not be in armaments alone—is to make some further provision for the sick, for the invalided, for widows and orphans. In a well-thought-out scheme, involving contributions from the classes directly concerned, the proportion borne by the State need not, in my judgment, be a very heavy one, and is well within the compass of our financial capacity without undue strain upon the resources of the country.

The Government are also pledged to deal on a comprehensive scale with the problem of unemployment. The pledges given by the Prime Minister on behalf of the Government are specific and repeated. I do not wish to encourage any false hopes. Nothing that a Government can do, at any rate with the present organisation of society, can prevent the fluctuations and the changes in trade and industry which produce unemployment. A trade decays, and the men who are engaged in it are thrown out of work. We have had an illustration within the last few days, to which Lord Rosebery has so opportunely called our attention, in the privation suffered by the horse cab driver owing to the substitution of mechanical for horse traction. That is only one case out of many constantly happening in every country. Then there are the fluctuations of business, at one moment filling a workshop with orders which even overtime cannot cope with, and at another moment leaving the same workshops with rusting machinery for lack of something to do.

Trade has its currents, and its tides, and its storms and its calms, like

the sea, and, like the sea, it seems to be as little under human control, or, at any rate, as little under the control of the victims of these changes ; and to say that you can establish by any system an absolute equilibrium in the trade and concerns of the country is to make a promise which no man of intelligence would ever undertake to honour. You might as well promise to smooth out the Atlantic Ocean. But still, it is poor seamanship that puts out to sea without recognising its restlessness, and the changefulness of the weather, and the perils and suffering thus produced. These perils of trade depression come at regular intervals, and every time they arrive they bring with them an enormous amount of distress. It is the business of statesmanship to recognise that fact, and to address itself with courage and resolution to provide against it.

Now, I have a word to say about the proposals of the Government to meet this state of things. The Poor Law Commission have recently called attention to the importance of endeavouring to devise some effective scheme of insurance against unemployment. The question is one which bristles with difficulties, and the Commission put forward no definite scheme of their own, but they expressly approved the principle, and recommended that immediate steps should be taken to devise a workable scheme. My right hon. friend the President of the Board of Trade has anticipated this recommendation, and the Board of Trade have been closely engaged for the last six months in endeavouring to frame and develop a scheme which, while encouraging the voluntary efforts now being made by trade unions to provide out-of-work benefit for their members, will extend the advantage of insurance to a very much larger circle of workmen, including unskilled labourers. I do not now speak of the unemployment due to infirmity or personal failings or of unemployment due to labour disputes, but to that unemployment, by far the larger part of the evil, which occurs as a regular feature, varying with seasons and cycles, in important groups of trades ; which renders the position of the worker in such trades unusually precarious ; and which can only be dealt with, and ought clearly to be dealt with, by a process of spreading wages and of averaging risks and fluctuations.

I do not propose to enter into the details of the Board of Trade scheme, which is, however, far advanced, and for which the national system of labour exchanges promised in the King's Speech will afford the necessary machinery. We recognise in this matter that we must walk with caution, and that it will be best to begin with certain groups of trades peculiarly liable to the fluctuations I have referred to and in other respects suitable for insurance, rather than to attempt to cover the entire area of industry. The Royal Commission were emphatic in recommending that any scheme of unemployment insurance should have a trade basis, and we propose to adopt this principle. Within the selected trades, however, the scheme will apply universally to all adult workers. Any insurance scheme of this kind must necessarily require contributions from those engaged in the insured trades, both as employers and employed ; but we recognise the necessity of supplementing these contributions by a State grant and guarantee. We cannot, of course, attempt to pass the necessary Bill to establish unemployment insurance during the present Session. But the

postponement will not involve any real delay, for the establishment of labour exchanges is a necessary preliminary to the work of insurance, and this will occupy time which may also be advantageously employed in consulting the various interests upon the details of the scheme and in co-ordinating its financial provisions with the machinery of invalidity and other forms of insurance.

So much for the provision which we hope to be able to make for those who, under the changing conditions which are inevitable in trade and commerce, are temporarily thrown out of employment. We do not put this forward as a complete or an adequate remedy for all the evils of unemployment, and we do not contend that when this insurance scheme has been set up and financed the State has thereby done all in its power to help towards solving the problem. After all, it is infinitely better, in the interests both of the community and of the unemployed themselves, that the latter should be engaged on remunerative work, than that they should be drawing an allowance from the most skilfully contrived system of insurance. This country is small—I suppose it is the smallest great country in the world—but we have by no means exhausted its possibility for healthy and productive employment. It is no part of the function of a Government to create work; but it is an essential part of its business to see that the people are equipped to make the best of their own country, are permitted to make the best of their own country, and, if necessary, are helped to make the best of their own country.

A State can and ought to take a longer view and a wider view of its investments than individuals. The resettlement of deserted and impoverished parts of its own territories may not bring to its coffers a direct return which would reimburse it fully for its expenditure; but the indirect enrichment of its resources more than compensates it for any apparent and immediate loss. The individual can rarely afford to wait, a State can; the individual must judge of the success of his enterprise by the testimony given for it by his bank book; a State keeps many ledgers, not all in ink, and when we wish to judge of the advantage derived by a country from a costly experiment we must examine all those books before we venture to pronounce judgment.

Any man who has crossed and re-crossed this country from north to south and east to west must have been perplexed at finding that there was so much waste and wilderness possible in such a crowded little island. There are millions of acres in this country which are more stripped and sterile than they were, and providing a living for fewer people than they did even a thousand years ago—acres which abroad would either be clad in profitable trees or be brought even to a higher state of cultivation. We want to do more in the way of developing the resources of our own country. There is much to be done for the re-settlement of neglected and forgotten areas in Britain. We have been spending for the last two or three years £200,000 to £300,000 a year upon work which I would not like to discourage. I have no doubt that it has relieved a great deal of distress, and that it is the best thing that could be done as a temporary shift and expedient, and all thanks and gratitude are due to the people who have devoted their

time, leisure, and labour in expending the money in the most profitable way possible, but still it is a wasteful expenditure. Sometimes, I have no doubt, some good is done, but it is wasteful whenever you create work for the sake of creating it. We think that the money could be spent much more usefully and profitably, and with better direction, so long as we take a wider view of our responsibility in this matter.

This brings me straight to the question of afforestation. There is a very general agreement that some steps should be taken in the direction, I will not say of afforesting, but of re-afforesting the waste lands of this country. Here, again, we are far behind every other civilised country in the world. I have figures here on this point which are very interesting. In Germany, for instance, out of a total area of 133,000,000 acres, 34,000,000 or nearly 26 per cent. are wooded; in France, out of 130,000,000 acres, 17 per cent.; even in a small and densely populated country such as Belgium 1,260,000 acres are wooded, or 17 per cent., out of a total area of 7,280,000 acres. Again, in the Netherlands and Denmark, out of total areas of 8 and 9½ million acres respectively, over 600,000 acres, or between 7 and 8 per cent., are wooded. In the United Kingdom, on the other hand, out of 77,000,000 acres, only 3,000,000, or 4 per cent., are under wood.

Sir Herbert Maxwell, who has made a study of this question for a good many years, and whose moderation of statement is beyond challenge, estimates that, in 1906, "eight millions were paid annually in salaries for the administration, formation and preservation of German forests, representing the maintenance of about 200,000 families, or about one million souls," and that, "in working up the raw material yielded by the forests, wages were earned annually to the amount of 30 millions sterling, maintaining about 600,000 families, or three million souls."

Any one who will take the trouble to search out the Census Returns will find out that the number of people directly employed in forest work in this country is only 16,000. And yet the soil and the climate of this country are just as well adapted for the growth of marketable trees as are those of the States of Germany. I am disposed to agree with people who contend that afforestation is not particularly well adapted to the provision of employment on any large scale for the kind of labourer who is thrown out of work by the fluctuations of trade in the towns, and that its real utility will be rather found (to use the phrase of the hon. Member for Merthyr) "in the extension of the area of employment." It will be serviceable in providing employment in the rural districts during that inclement season of the year when work is least abundant. It would also afford an excellent adjunct to a system of small holdings and allotments.

Recently we have been favoured with a striking Report of a Royal Commission very ably presided over by my hon. friend the Member for Cardiff. A perusal of the names attached to that Report will secure for it respectful and favourable consideration. It outlines a very comprehensive and far-reaching scheme for planting the wastes of this country. The systematic operation which the Commission recommend is a gigantic one, and before the Government can commit themselves to it in all its details, it will require very careful consideration by a body of experts skilled

in forestry. I am informed by men whom I have consulted, and whose opinion on this subject I highly value, that there is a good deal of preliminary work which ought to be undertaken in this country before the Government could safely begin planting on the large scale indicated in that Report. I am told that experiments ought to be made, so as to test thoroughly the varying conditions of climate and soil and the best kind of trees and methods of planting to meet those variations. I am also told that we cannot command the services in this country of a sufficient number of skilled foresters to direct planting. I am advised, and, personally, I am disposed to accept that counsel as the advice of prudence, that the greater haste in this matter will mean the less speed, and that to rush into planting on a huge scale, without first of all making the necessary experiments, organising a trained body of foresters and taking all other essential steps to secure success when you advance, would be to court disaster, which might discourage all future attempts.

I will tell the Committee how I propose that this subject should be dealt with; but, before I do so, I have something more to say about proposals for aiding in the development of the resources of our own country. The State can help by instruction, by experiment, by organisation, by direction, and even, in certain cases which are outside the legitimate sphere of individual enterprise, by incurring direct responsibility. I doubt whether there is a great industrial country in the world which spends less money on work directly connected with the development of its resources than we do. Take, if you like, and purely as an illustration, one industry alone—agriculture—of all industries the most important for the permanent well-being of any land. Examine the Budgets of foreign countries—we have the advantage in other directions—but examine and compare them with our own, and hon. Members will be rather ashamed at the contrast between the wise and lavish generosity of countries much poorer than ours and the short-sighted and niggardly parsimony with which we dole out small sums of money for the encouragement of agriculture in our country.

We are not getting out of the land anything like what it is capable of endowing us with. Of the enormous quantity of agricultural and dairy produce and fruit, and of the timber imported into this country, a considerable portion could be raised on our own lands. On this, hon. Members opposite and ourselves will agree. The only difference is as to the remedy. In our opinion, the remedy which they suggest would make food costlier and more inaccessible for the people; the remedies which we propose, on the other hand, would make food more abundant, better, and cheaper.

What is it we propose?—and, let the Committee observe, I am only dealing with that part of the problem which affects finance.

I will tell the House therefore, briefly, what I propose doing in regard to this and all kindred matters I have dwelt upon. There is a certain amount of money—not very much—spent in this country in a spasmodic kind of way on what I call the work of national development—in light railways, in harbours, in indirect but very meagre assistance to agriculture. I propose to gather all these grants together into one Development Grant, and to put in this year an additional sum of £200,000. Legislation will

have to be introduced, and I will then explain the methods of administration and the objects in greater detail, but the grant will be utilised in the promotion of schemes which have for their purpose the development of the resources of the country. It will include such objects as the institution of schools of forestry, the purchase and preparation of land for afforestation, the setting up of a number of experimental forests on a large scale, expenditure upon scientific research in the interests of agriculture, experimental farms, the improvement of stock—as to which there have been a great many demands from people engaged in agriculture—the equipment of agencies for disseminating agricultural instruction, the encouragement and promotion of co-operation, the improvement of rural transport so as to make markets more accessible, the facilitation of all well-considered schemes and measures for attracting labour back to the land by small holdings or reclamation of wastes.

Every acre of land brought into cultivation, every acre of cultivated land brought into a higher state of cultivation, means more labour of a healthy and productive character. It means more abundant food—cheaper and better food for the people.

The sum which I propose to set aside for these large and diverse purposes may seem disproportionate, especially as a good deal of capital expenditure will necessarily be invested in the carrying out more especially of the experiments. For the purpose of afforestation schemes, at any rate in the earlier stages, when the expenditure will be particularly heavy, I propose that borrowing powers should be conferred upon the Commission directing the distribution of the grant, though I intend to avoid the necessity of resort to loans in connection with the capital expenditure required for other parts of the scheme.

I should hope to attain this end by what may at first sight appear a proposal of a more drastic character. Hitherto all surpluses due either to unexpected accretions to the revenue or savings upon the Estimates have passed automatically into the old Sinking Fund for the liquidation of debt. I propose that all these unanticipated accretions and economies shall in future pass into the Development Fund, so as to constitute a reserve for the purpose of money to be spent on the recommendations of the Commissioners, but under the direction of Parliament, on such objects as I have too compendiously sketched. The days of surpluses are not quite gone, and I sincerely hope, although the omens are for the moment bad, that the days of economising in public Departments are not over. Last year the various Departments saved over two millions, and I feel confident that we shall not look in vain for a similar spirit of cautious and conscientious dealing with public money in the course of the coming years.

We have, more especially during the last sixty years, in this country accumulated wealth to an extent which is almost unparalleled in the history of the world, but we have done it at an appalling waste of human material. We have drawn upon the robust vitality of the rural areas of Great Britain, and especially of Ireland, and spent its energies recklessly in the devitalising atmosphere of urban factories and workshops as if the supply were inexhaustible. We are now beginning to realise that we have been spending our

capital, and at a disastrous rate, and it is time we should make a real, concerted, national effort to replenish it. I put forward this proposal, not a very extravagant one, as a beginning.

It would be better that I should in this connection inform the House of another project which I shall have to submit in detail to its judgment later on in the course of the Session, but as it involves a substantial addition to the financial burdens of the year, I have to outline its general character in my Budget statement. It also has an indirect, but important, bearing on the question of providing useful and not purposeless employment in times of depression. I propose that a beginning should be made this year with a scheme for dealing with the new, but increasingly troublesome, problem of motor traffic in this country. We are far ahead of all other European countries in the number of motor vehicles upon our roads. We have at least three times as many as France and more than four times as many as Germany. And I am informed by those best able to judge, that to-day among the products of our factories are some of the best cars procurable in the world, both as regards the comparative perfection of the more costly vehicles and the value given for the prices asked for those designed for popular use.

I therefore look forward to a great future for this industry, and I am the last to wish to hinder its development or be responsible for proposals which would be in any way hostile to its interests. Quite the reverse. I am anxious to be helpful to its growth and prosperity. But I cannot help feeling that this problem is urgent, and calls for immediate attention. Any man who takes the trouble to consider the damage which is done to the roads of this country, often by men who do not contribute—or perhaps I ought to put it in another way, who have not been given the opportunity of contributing to the upkeep of the roads they help so effectively to tear up—the consequent rapid increase in the expense of road maintenance, the damage done, if not to agriculture, at least to the amenities of rural life by the dust clouds which follow in the wake of these vehicles, above all, the appalling list of casualties to innocent pedestrians, and especially to children, must come to the conclusion that this is a question which demands immediate notice at the hands of the Central Government. The question of road construction, which was at one time deemed to be part of the essential development of the country, seemed to have been almost finally disposed of by the railways, but the advent of the motor has once more brought it to the front. It is quite clear that our present system of roads and of road making is inadequate for the demands which are increasingly made upon it by the new form of traction. Roads are too narrow, corners are too frequent and too sharp, high hedges have their dangers, and the old metalling, admirably suited as it was to the vehicles we were accustomed to, is utterly unfitted for the motor-car.

If there be any truth at all in Ruskin's assertion that "all social progress resolves itself into the making of new roads," it must be admitted that we have been lamentably deficient. The State has for a very long period done nothing at all for our roads. I believe that no main road has been made out of London for 80 years. We have no central road authority.

The roads of England and Wales are administered by 30 metropolitan authorities (including the London County Council and the City of London Corporation), 61 county councils, 326 county and non-county borough councils, and 1,479 urban and rural district councils. The Great North Road, our greatest historic and national highway from London to Carlisle, is under no fewer than 72 authorities, of whom 46 are actually engaged in maintaining it. Among those are such authorities as the Kirklington Urban District Council, which controls one mile, and the Thirsk Rural District Council, which is responsible for 1 mile 1,120 yards in one place and 2 miles 200 yards in another!

Both the general public and motorists are crying out for something to be done, and we propose to make a real start. How the funds will be raised for the purpose it will be my duty later on to explain; the only indication I shall give now is that the brunt of the expense at the beginning must be borne by motorists, and to do them justice they are willing, and even anxious, to subscribe handsomely towards such a purpose, so long as a guarantee is given in the method and control of the expenditure that the funds so raised will not merely be devoted exclusively to the improvement of the roads, but that they will be well and wisely spent for that end.

For that reason we propose that the money shall be placed at the disposal of a central authority, who will make grants to local authorities for the purpose of carrying out well-planned schemes which they have approved for widening roads, for straightening them, for making deviations round villages, for allaying the dust nuisance; and I should also propose that power should be given to this central authority to set aside a portion of the money so raised for constructing, where they think it necessary and desirable, absolutely new roads. Power will be given them not merely to acquire land for that purpose, but also for the acquisition of rights over adjoining lands, so as to enable them eventually to bring into being new sources of revenue by taking full advantage of the increment and other benefits derived from the new easements they will be creating for the public. That is all I have to say with regard to expenditure, and I now come to the question of how I have to meet it.

Once more I want to make it clear before I dismiss this part of the subject, that the expenditure undertaken out of the fund must be directly referable to work done in connection with the exigencies of the motor traffic of the country. Although this is expenditure which will be incurred in the course of the present year, and is, therefore, not in the same category as the prospective liabilities which I have hitherto sketched, I do not think it incumbent on me to add this new liability to the ordinary deficit for the year, and I think the House will see that I have a sufficient reason for not doing so. I propose to deal with this expenditure by raising a special fund for the purpose, and it is therefore not quite in the position of being part of the current expenditure of the year. The expenditure will be strictly limited by the revenue we succeed in raising.

I have outlined what I deem to be some of our more pressing requirements in the near future. I have now to consider in what way my proposals will affect the balance sheet of the current year. For this purpose I shall

leave out of account for the moment the expenditure upon motor roads, since it will, as I have indicated, be covered by and limited to the produce of certain special sources of revenue. Liabilities in respect of schemes of insurance against unemployment and other contingencies affecting the working classes will not mature within the current year, but for labour exchanges £100,000 will be required, mainly for the provision of buildings. Under the head of development £200,000 will, as I have explained, be set aside for the first year's grant to the proposed fund. These two items together give a total of £300,000, to which must be added a sum of £50,000 for a purpose which will shortly become apparent, making a total addition of £350,000 to the estimated expenditure. If this is added to the estimated deficit of £15,762,000 on the basis of present taxation, and of the Estimates already presented to Parliament, the amount which must be found, either by further taxation or other means, is increased to £16,112,000, or (allowing a margin for contingencies) to, say, 16½ millions.

It is important that the Committee should recollect that during the first three years of the present administration taxes amounting in the aggregate to something over 7½ millions a year were taken off. In addition to that, provision has been made for a net reduction of Dead-Weight Debt to the extent of no less than 47¼ millions, and of our aggregate capital liabilities to the extent of 42¼ millions. This means a saving to the country in respect of interest of over a million pounds a year, which, if it had been directed to relieving the taxpayers' burdens instead of to increasing the Sinking Fund, would have enabled the total remission of taxation to have been raised to 8½ millions—a sum practically equivalent to the annual cost of the Old Age Pensions measure of the Government.

Another satisfactory element in our Capital Account is to be found in the fact that under the head of "Other Capital Liabilities" the repayments will, in the present financial year, for the first time since the introduction of the system of naval and military works loans, exceed the new borrowings. The estimated borrowings on capital account for 1908-9 were £2,785,000. The actual borrowings were £2,636,000, of which £1,300,000 was for telephone purposes, £859,000 for naval works, and £270,000 for military works, while the amount applicable in the year to repayment of principal was £2,279,000. The estimated borrowings for the current year are only £1,795,000, of which £1,300,000 will be required for telephone works, while the amount applicable to repayment of principal is estimated at £2,497,000. The borrowings under the Naval and Military Works Acts are now limited to works actually in progress, and have practically come to an end. The proposal I now have to make was foreshadowed and justified by the Prime Minister when he opened the Budget last year, and I need now scarcely say more than that the amount by which I propose that the Fixed Debt Charge should be reduced is £3,000,000.

The Dead-Weight Debt on April 1 last was £702,688,000, a decrease of £8,788,000 as compared with the amount on April 1, 1908. The reduction would have been considerably larger but for the fact that I did not deem it advisable, having regard to the state of the market towards the close of the year, to lay out the whole of the moneys available for debt

reduction. The unexpended balance of Sinking Fund moneys in the hands of the National Debt Commissioners at the end of 1908-9 was no less than £7,667,000 as compared with £1,132,000 a year ago. This additional £6,500,000 or £5,750,000, if we assume that the realised deficit is met out of these moneys, represents a debt-redeeming capacity in terms of Consols at current prices amounting to £6,750,000. If we add this amount to the previous figure of £8,788,000 we arrive at the real reduction of Dead-Weight Debt which is properly attributable to the finance of last year—£15,538,000. When this is brought to account the Dead-Weight Debt will stand at approximately £696,000,000, or somewhat less than its amount twenty years ago (£697,043,000), when the late Lord Goschen reduced the Debt Charge to £25,000,000 a year.

There is, however, an important difference between a Fixed Debt Charge of 25 millions in 1889-90 and a Fixed Debt Charge of the same amount now. The rate of interest on Consols 20 years ago was in process of reduction from 3 to $2\frac{3}{4}$ per cent., now it is $2\frac{1}{2}$ per cent. While, therefore, in 1889-90 20 millions in round figures of the total provision was applied to the payment of interest and management expenses, leaving little more than 5 millions, or about three-fourths of 1 per cent. of the amount of the debt available for repayment of principal, interest and management will in the current year absorb only about 18 millions, leaving nearly 7 millions (or more than 1 per cent.) for Sinking Fund purposes. This figure is £300,000 more than the average annual provision made for the repayment of principal in the ten years immediately preceding the South African War, and only three-quarters of a million less than the amount estimated to be available in 1899-1900, before the adoption of Lord St. Aldwyn's proposal to reduce the Fixed Debt Charge from 25 millions to 23 millions, and whereas in 1899-1900, and the years immediately preceding and following it, we incurred a net increase of our other liabilities in respect of naval, military, and other works by an average of more than £3,500,000 per annum, there will this year be a net surplus of moneys applicable to repayment of principal over new borrowings of about £700,000. In view of these facts, and more particularly as we are spending so much out of current revenue upon Naval construction, which less provident finance might have found an excuse for charging upon a future generation, I think the time has come when, without any failure in our duty to posterity, we can reduce the Fixed Debt Charge from 28 to 25 million pounds. The adoption of this proposal will mean a reduction of the amount to be found by new taxation from $16\frac{1}{2}$ to $13\frac{1}{2}$ millions.

How am I to obtain the necessary money for the settlement of this very heavy account? I dismiss borrowings. One way, of course, to balance the account would be to effect a saving of expenditure, and the other is by raising taxes. I should like to say one word on the first before I come to the second question. The path of the economist is hard. His is not a very attractive or popular rôle in any Government. One might infer that the first object of a Finance Minister who has to face a heavy deficit would be to inquire as to possible economies, with a view, if not of obviating new imposts altogether, at all events to lightening them as far

as possible. Last summer, when there was a suspicion that I might possibly do my best to seek out economies and make a beginning in that respect, what was the result? I saw paragraphs in responsible Opposition journals accusing me of impertinence in instituting a search into possible economies in some of our most expensive services. What happened?

Merely because I proposed to inquire, merely because I sought investigation, myself and my colleagues were subjected to such persistent abuse, insults, and scurrility as few Ministers have ever been subjected to. I am still of opinion that it is worth this country's while to inquire thoroughly into its affairs, but I am equally clear that until public opinion is educated up to the point of assenting to the institution of that inquiry, and therefore giving the necessary support, no substantial results will be achieved in that way. Therefore I fall back upon the other resource of raising taxes and of so meeting and liquidating the demand.

Now what are the principles upon which I intend to proceed in getting those taxes? The first principle on which I base my financial proposals is this—that the taxation which I suggest, while yielding in the present year not more than sufficient to meet this year's requirements, should be of such a character that it will produce enough revenue in the second year to cover the whole of our estimated liabilities for that year; and, moreover, that it will be of such an expansive character as to grow with the growing demand of the social programme which I have sketched without involving the necessity for imposing fresh taxation in addition to what I am asking Parliament to sanction at the present time.

The second principle on which I base my proposals is that the taxes should be of such a character as not to inflict any injury on that trade or commerce which constitutes the sources of our wealth.

My third principle is this, that all classes of the community in this financial emergency ought to be called upon to contribute. I have never been able to accept the theory which I have seen advanced that you ought to draw a hard-and-fast line at definite incomes and say that no person under a certain figure should be expected to contribute a penny towards the burden of the good government of the country. In my judgment all should be called upon to bear their share. No voluntary associations, religious, philanthropic, or provident, have ever been run on the principle of exempting any section of their membership from subscription. They all contribute, even to the widow's mite. It is considered not merely the duty, but the privilege and pride of all to share in the common burden, and the sacrifice is as widely distributed as is the responsibility and the profit.

At the same time, when you come to consider whether the bulk of the taxation is to be raised by direct or indirect means, I must point out at this stage—I shall have a little more to say on this subject later on—that the industrial classes, in my judgment, upon a close examination of their contributions to local and Imperial finance, are paying more in proportion to their incomes than those who are better off. Their proportion to local finances especially is heavier, because, although nominally the rates are not paid by them, as every one knows, they are really. For that reason the burden at the present moment of new taxation bears much more

heavily in proportion to their income on that class than it does upon the wealthier and better-to-do classes.

[The Chancellor of the Exchequer next outlined his proposals with regard to the taxation of motor-cars and petrol, and the Legacy, Succession, and Death duties, and proceeded as follows.]

Now I come to the question of land. The first conviction that is borne in upon the Chancellor of the Exchequer who examines land as a subject for taxation is this: that in order to do justice he must draw a broad distinction between land whose value is purely agricultural in its character and composition, and land which has a special value attached to it owing either to the fact of its covering marketable mineral deposits or because of its proximity to any concentration of people.

Agricultural land has not, during the past 20 or 30 years, appreciated in value in this country. In some parts it has probably gone down. I know parts of the country where the value has gone up. But there has been an enormous increase in the value of urban land and of mineral property. And a still more important and relevant consideration in examining the respective merits of these two or three classes of claimants to taxation is this. The growth in the value, more especially of urban sites, is due to no expenditure of capital or thought on the part of the ground owner, but entirely owing to the energy and the enterprise of the community. Where it is not due to that cause, and where it is due to any expenditure by the urban owner himself, full credit ought to be given to him in taxation, and full credit will be given to him in taxation. I am dealing with cases which are due to the growth of the community, and not to anything done by the urban proprietor. It is undoubtedly one of the worst evils of our present system of land tenure that instead of reaping the benefit of the common endeavour of its citizens a community has always to pay a heavy penalty to its ground landlords for putting up the value of their land.

There are other differences between these classes of property which are worth mentioning in this connection, because they have a real bearing upon the problem. There is a remarkable contrast between the attitude adopted by a landowner towards his urban and mineral properties, and that which he generally assumes towards the tenants of his agricultural property. I will mention one or two of them. Any man who is acquainted with the balance-sheets of a great country estate must know that the gross receipts do not represent anything like the real net income enjoyed by the landowner. On the contrary, a considerable proportion of those receipts are put back into the land in the shape of fructifying improvements and in maintaining and keeping in good repair structures erected by him which are essential to the proper conduct of the agricultural business upon which rents depend. Urban landlords recognise no obligation of that kind, nor do mineral royalty owners. They spend nothing in building, in improving, in repairing, or in upkeep of structures essential to the proper conduct of the business of the occupiers. The urban landowner, as a rule, recognises no such obligations. I again exclude the urban landowner who really does spend money on his property; that ought to be put to his credit. The rent in the case with which I am dealing is a net rent free from liabilities,

or legal obligations. Still worse, the urban landowner is freed in practice from the ordinary social obligations which are acknowledged by every agricultural landowner towards those whose labour makes their wealth.

It is true in the rural districts that there are good landlords and there are bad landlords. But in this respect there are so many good landlords in the country to set up the standard that even the worst are compelled to follow at a greater or a less distance. But the worst rural landlord in this respect is better than the best urban landlord in so far as the recognition of what is due to the community who produce the rent is concerned. I will point out what I mean. First of all the rural landowner has the obligation to provide buildings and keep them in repair. The urban landowner, as a rule, has neither of these two obligations. There is that essential difference between the two. The urban landlord and the mineral royalty owner are invariably rack-renters. They extort the highest and the heaviest ground rent or royalty they can obtain on the sternest commercial principles. They are never restrained by that sense of personal relationship with their tenants which exercises such a beneficent and moderating influence upon the very same landlord in his dealings with his agricultural tenants. And the distinction is not confined merely to the rent. Take the conditions of the tenancy. I am not here to defend many of the terms which are included in many an agricultural agreement for tenancy. I think many of them are oppressive, irritating, and stupid. But compared with the conditions imposed upon either a colliery owner or upon a town lessee they are the very climax of generosity. Take this case—and it is not by any means irrelevant to the proposals which I shall have to submit to the Committee later on. What agricultural landlord in this country would ever think of letting his farm for a term of years on condition, first of all, that the tenant should pay the most extortionate rent that he could possibly secure in the market, three, or four, or even five times the real value of the soil; that the tenant should then be compelled to build a house of a certain size and at a certain cost, and in a certain way, and that at the end of the term he, or rather his representatives, should hand that house over in good tenantable repair free from encumbrances to the representatives of the ground owner who has not spent a penny upon constructing it, and who has received during the whole term of the lease the highest rent which he could possibly screw in respect of the site?

There is not an agricultural landlord in Great Britain who would ever dream of imposing such outrageous conditions upon his tenant. And yet these are the conditions which are imposed every day in respect of urban sites; imposed upon tradesmen who have no choice in the matter; imposed upon professional men and business men who have got to live somewhere within reasonable distance of their offices; imposed even on workmen building a house for themselves, paying for it by monthly instalments out of their wages for 30 years purely in order to be within reasonable distance of the factory or mine or workshop at which they are earning a living.

This is by no means an imaginary picture which I am drawing. If any one thinks so I would invite him to examine for himself the evidence given before the Town Holdings Committee in 1888 and the subsequent

Committee of the same character held later on—Committees appointed by the Unionist administration of that date. There was the case of the Festiniog quarrymen, who had to build on rocks which could not feed a goat, and upon swamps for which the landlord could not, and did not, receive more than, sometimes, 2s. an acre, and, at the outside, 7s. 6d. an acre. These were let to the quarrymen for building purposes at rents that amounted to £50 an acre. Leases were given for 60 years. All the improvements were effected either by the quarrymen themselves or by the local authority to whom they paid their rates. To build or buy their houses, most of these quarrymen generally borrowed money from building societies. As long as they were in good health and in full employment they were able to pay their monthly instalments. When either health or work gave out they were very hard pressed indeed. But they never got any assistance or sympathy from the landlord. As they paid, the property, instead of increasing in value for them, became of less and less value as it passed year by year into the possession of the landlord. There were many illustrations of that kind given before these Committees, though not all 60 years. Some were 70, some ran up to 90, others were for lives and 21 years.

You cannot put cases of this kind at all in the same category as that of an agricultural landlord who builds farmhouses and farm buildings, and generally incurs most, if not all, of the capital expenditure in and around a farm, and who by no means, if he is a fair-minded landlord, ever thinks of extorting these monstrous rents out of the necessities of his tenants. I might give other cases where land in the neighbourhood of towns has appreciated in value owing to the growth of the population. I do not wish to multiply instances, because every hon. Member must have in his own mind illustrations, with the details of which he is cognisant, from his own experience and observation of what I am referring to.

I might, perhaps, take another case, and I am not sure that you can find a better or a fairer one than that which is provided by the working class suburbs of London. I am referring to the case of Woolwich. Considerable population has been attracted there largely owing to the expenditure of public money upon the Arsenal. If there is any increase in the value of land there, not a penny of that increment is attributable to anything done by the local landowners. Now I would commend Members of the House to a speech delivered by the late Conservative Member for Woolwich, who in his day was one of the most striking figures in this House. This is what he says about Woolwich :—

“ In the parish of Plumstead land used to be let for agricultural purposes for £3 an acre. The income of an estate of 250 acres in 1845 was £750 per annum, and the capital value at 20 years' purchase was £15,000. The Arsenal came to Woolwich ; with the Arsenal the necessity for 5,000 houses. And then came the harvest for the landlord. The land, the capital value of which had been £15,000, now brought an income of £14,250 per annum. The ground landlord has received £1,000,000 in ground rents already, and after 20 years hence the Woolwich estates, with all the houses upon them, will revert to the landowner's family, bringing another million, meaning altogether a swap of £15,000 for a sum of £2,000,000.”

There are many cases of a similar character which will readily occur to the memory of every hon. Member who is at all acquainted with the subject. Take well-known properties in Lancashire and Cheshire in regard to which evidence was given.

And yet, although the landlord, without any exertion of his own, is now in these cases in receipt of an income which is ten or even a hundred-fold of what he was in the habit of receiving when these properties were purely agricultural in their character, and although he is in addition to that released from all the heavy financial obligations which are attached to the ownership of this land as agricultural property, he does not contribute a penny out of his income towards the local expenditure of the community which has thus made his wealth, in the words of John Stuart Mill, "whilst he was slumbering." Is it too much, is it unfair, is it inequitable, that Parliament should demand a special contribution from these fortunate owners towards the defence of the country and the social needs of the unfortunate in the community, whose efforts have so materially contributed to the opulence which they are enjoying?

There is another aspect of this matter which I should like to say a word upon before I come to the actual proposals of the Government. I have dwelt upon the fundamental difference in the demeanour of landowners towards their urban tenants, and that which under the inspiration of more high-minded and public-spirited principles marks their conduct towards their agricultural tenants. There is no doubt that the spirit of greed is unconsciously much more dominant and unrestrained in the former case.

One disastrous result of this is that land which is essential to the free and healthy development of towns is being kept out of the market in order to enhance its value, and that towns are cramped and their people become overcrowded in dwellings which are costly without being comfortable. You have only to buy an ordnance survey map and put together the sheets which include some town of your acquaintance and the land in its immediate vicinity, and you will see at once what I mean. You will find, as a rule, your town or village huddled in one corner of the map, dwellings jammed together as near as the law of the land will permit, with an occasional courtyard, into which the sunshine rarely creeps, but with nothing that would justify the title of "garden." For it is the interest of the landlord to pile together on the land every scrap of bricks and mortar that the law will allow; and yet, outside, are square miles of land unoccupied, or at least unbuilt upon. Land in the town seems to let by the grain, as if it were radium. Not merely towns, but villages (and by villages and towns I mean the people who dwell in them) suffer extremely from the difficulty which is experienced in obtaining land, and by the niggardliness with which sites are measured out.

You cannot help feeling how much healthier and happier the community could have been made in these towns and villages if they had been planned on more spacious and rational principles, with a reasonable allowance of garden for every tenant, which would serve as a playground, as vegetable and flower garden, for the workman and his family, and which would even, in many districts, help materially to solve the problem of unemployment.

The same observations apply to the case of mineral royalties. There, all the expenditure is incurred by the capitalist, who runs the risk of losing his capital, while the miner risks his life ; and I do not think it is too much to ask the royalty owner, who has contributed no capital and runs no risk, to share in this emergency in bearing the large burden that is cast upon us for the defence of the country, and to help to pay the large sum of money needed to make provision for social needs, for the aged, and for those who have been engaged in digging out mining royalties all their lives.

My present proposals are proposals both for taxation and for valuation. Although very moderate in character, they will produce an appreciable revenue in the present year and more in future years. The proposals are three in number.

First, it is proposed to levy a tax on the increment of value accruing to land from the enterprise of the community or the landowner's neighbours. We do not propose to make this tax retrospective. It is to apply to future appreciation in value only, and will not touch any increment already accrued. We begin therefore with a valuation of all land at the price which it may be expected to realise at the present time, and we propose to charge the duty only upon the additional value which the land may hereafter acquire. The valuations upon the difference between which the tax will be chargeable will be valuations of the land itself—apart from buildings and other improvements—and of this difference, the strictly unearned increment, we propose to take one-fifth, or 20 per cent., for the State.

We start with the valuation of the present moment. No increment that has accrued before the date of the valuation will count. We value the land at its present value, and then count the increment from that point. You get the increment on two bases. You get at it when the land is sold. Then it will be discovered what the actual increment is. We propose to charge 20 per cent. on the increment which the landlord receives, ascertained by comparing what he receives with the valuation to be made immediately after the passing of the Finance Bill. It would also be made on the passing of the property upon death ; and if there is any increment which is not due to expenditure by the landowner himself on improvements, but is due merely to the appreciation of land in the neighbourhood owing to the growth of population or some other cause, then the same charge would be made on that increment. Corporations (which do not die) will pay upon property owned by them at stated intervals of years, being allowed the option of spreading the payment of the duty upon the increment accruing in one period over the following period by annual instalments.

Upon the creation of a lease or upon the transfer of an interest in land, only such proportion of the increment duty will be payable as the value of the lease or of the transferred interest bears to the value of the fee simple of the land, and increment duty once paid will frank the increment or the portion of the increment in respect of which it has been paid from any further charge of the duty. As regards the duty payable on the occasion of the grant of a lease, provision will be made for payment by instalments, inasmuch as in such circumstances no capital sum is available for payment of the duty.

As the standard of comparison is the value of the land at the present date, and the tax will be levied only upon the increment subsequently accruing, the yield in the first year will necessarily be small, and I do not think it safe to estimate for more than £50,000 in 1909-10. The amount will increase steadily in future years, and ultimately become a fruitful source of revenue.

The second proposal relating to land is the imposition of a tax on the capital value of all land which is not used to the best advantage. The owner of valuable land which is required or likely in the near future to be required for building purposes, who contents himself with an income therefrom wholly incommensurate with the capital value of the land in the hope of recouping himself ultimately in the shape of an increased price, is in a similar position to the investor in securities who re-invests the greater part of his dividends; but while the latter is required to pay income tax both upon the portion of the dividends enjoyed and also upon the portion re-invested, the former escapes taxation upon his accumulating capital altogether, and this, although the latter by his self-denial is increasing the wealth of the community, while the former, by withholding from the market land which is required for housing or industry, is creating a speculative inflation of values which is socially mischievous.

We propose to redress this anomaly by charging an annual duty of $\frac{1}{2}d.$ in the £ on the capital value of undeveloped land. The same principle applies to ungotten minerals, which we propose similarly to tax at $\frac{1}{2}d.$ in the £, calculated upon the price which the mining rights might be expected to realise if sold in open market at the date of valuation.¹

The tax on undeveloped land will be charged upon unbuilt-on land only, and all land of which the capital value does not exceed £50 an acre will be exempted, as also any land exceeding that value with respect to which it can be shown to the satisfaction of the Commissioners of Inland Revenue that no part of the value is due to the capability of the land for use for building purposes. Under these provisions all land having a purely agricultural value will be exempt.

Further, exemptions will be made in favour of gardens and pleasure grounds not exceeding an acre in extent, and parks, gardens, and open spaces which are open to the public as of right, or to which reasonable access is granted to the public, where that access is recognised by the Commissioners of Inland Revenue as contributing to the amenity of the locality. Where undeveloped land forms part of a settled estate, provision will be made to enable a limited owner who has not the full enjoyment of the land to charge the duty upon the corpus of the property.

The valuation upon which the tax will be charged will be the value of land as a cleared site, deductions being allowed for any expenditure necessary to clear it, and likewise for any value attributable to works of a permanent character executed by, or on behalf of, any person interested in the land within a specified period of the date of valuation, for the purpose of fitting the land

¹ An annual duty of 1s. in the £ on the rental value of all rights to work minerals and of all mineral way-leaves was subsequently substituted for this duty on unworked minerals.

for building purposes. Until a valuation has been obtained it is impossible to estimate the yield of the tax with any precision, and the yield in the first year is made still more doubtful by the fact that, pending the completion of the valuation, the tax must be collected provisionally upon the basis of declarations by owners—arrears (if any) to be collected later when the valuation has been completed. But as these declarations will also form the basis for the charge of increment value duty until the valuation is completed, with respect to which an under-declaration may have serious consequences, it may be expected that they will be sufficiently reliable to allow at any rate a large proportion of the whole amount due to be obtained within the year.

I therefore feel justified in estimating that the duty of $\frac{1}{4}d.$ in the pound on undeveloped land and ungotten minerals will produce not less than £350,000 in the current financial year.

My third proposal under the head of land is a 10 per cent. reversion duty upon any benefit accruing to a lessor from the determination of a lease, the value of the benefit to be taken to be the amount (if any) by which the total value of the land at the time the lease falls in exceeds the value of the consideration for the grant of the lease, due regard being had, however, for the case of the reversioner whose interest is less than a freehold. The reversion at the end of a long building lease having no appreciable market value at the time the lease is granted is, when the lease falls in, of the nature of a windfall, and can be made to bear a reasonable tax without hardship.

Some consideration must, however, be shown to the purchaser of an approaching reversion where the purchase has taken place before the imposition of such a duty was contemplated. I therefore propose to make special provision to deal with that case. Special provision will also be made to meet the case of an increment value, in respect of which increment duty is payable under my first proposal, being included in a reversion. Another case in which special consideration should, I think, be shown is that of a lease determined by agreement between lessor and lessee before its expiration for the purpose of renewal. Towards the termination of a lease the lessee may be willing and even anxious to make improvements in the premises, provided that he can obtain a decent security of tenure at a reasonable rent. His business may be crippled for want of proper accommodation, but he is at the mercy of the ground landlord, who, in many cases, wrings out of him the uttermost farthing before agreeing to a renewal which is to the interest of both parties. If the parties fail to come to terms the opportunity for an improvement, possibly of great public utility, is at any rate postponed, and perhaps irretrievably lost. The importance of facilitating such renewals in the interests of lessees, of the building trade, of the public generally, and even of the ground landlord himself, can scarcely be exaggerated. Accordingly in cases where a reversion is anticipated in circumstances of this character, and comes under taxation at an earlier date than would have happened in ordinary course, by reason of an agreement entered into with the lessee to enable him to improve the premises, I propose to make a special abatement of duty proportionate to the unexpired period of the original lease which is surrendered,

and I have great hopes that this allowance, coupled with the fact that the value of the reversion for the purpose of the duty will be calculated upon the difference between the consideration for the old and the consideration for the new lease, will induce owners to grant renewals more readily and upon more favourable terms than at present, and so tend to remove one of the most mischievous effects of the leasehold system.

There are no official statistics of the value of leasehold property, or of the dates upon which existing leases determine, and I am therefore not in a position to give more than a conjectural estimate of the annual yield of this duty. There is, besides, reason to believe that the number of leases falling in from year to year is by no means a constant quantity, and this makes the task of estimating for a particular year still more difficult. On the whole, I do not think that I can in the present year rely on a larger revenue than £100,000 from this source, and I propose, therefore, to estimate the yield of the three land taxes for the current year at £500,000, an amount which, however, must not, as I have already explained, be regarded as any indication of the revenue they will ultimately produce.

These proposals necessarily involve a complete reconstruction of the method of valuing property. The existing taxes upon real property are levied upon the annual value of such property as a whole without distinguishing between the value which resides in the land itself and that which has been added to it by the enterprise of the owner in erecting buildings or effecting other improvements. Even apart from this, the methods of valuation vary in different localities, with the result that the incidence of existing burdens is very uneven. The intensely complex character of British land tenure introduces a further complication. There are no official records of the various interests in land, existing rates and taxes being charged upon the occupier, who is left to recover from the other interests (if any) either by a rough-and-ready scheme of statutory deductions from rent or by making such bargain as he is able with his landlord. It now becomes necessary for the purposes both of the increment value duty and of the undeveloped land duty to distinguish between the two elements in the value of real property, while, as the increment value duty and the reversion duty will both of them have to be collected from the particular interests to which those accretions respectively accrue, a complete register of the owners and other persons interested in land, with full details of the various interests, will ultimately be required.

The preparation of such a register will be a lengthy task which must in the main be proceeded with as each separate property comes under taxation, but the question of valuation is of greater urgency. The existing valuation lists on an annual value basis (even if they represented the true annual values, which in many cases they do not) would be of little use for the purpose of determining capital values—the basis of the new duties—and it will therefore be necessary to provide machinery for a complete valuation on a capital basis of the whole of the land in the United Kingdom. I do not think I will enter into particulars now of the method which we propose to follow in valuation. I shall do that when we come to discuss the Resolution in Committee. Now I have disposed of direct taxation.

I am not going at this late hour to enter into any discussion of the principles which ought to guide a Finance Minister in the imposition of indirect taxation. But one thing I am sure will be accepted by every Member of this House, and that is that we ought at any rate to avoid taxes on the necessities of life. I referred some time ago, in the course of a discussion in this House, to the old age pension officers' reports. There was one thing in those reports which struck me very forcibly, and that was that they all reported that the poorer the people they had to deal with, the more was their food confined to bread and tea.

Of the price of that tea, which of course was of the poorest quality, half goes to the tax gatherer. That is always the worst of indirect taxation on the people. The poorer they are the more heavily the tax falls upon them. Tea and sugar are necessities of life, and I think that the rich man who would wish to spare his own pocket at the expense of the bare pockets of the poor is a very shabby rich man indeed; therefore I am sure that I carry with me the assent of even the classes upon whom I am putting very heavy burdens, that when we come to indirect taxes, at any rate those two essentials of life ought to be exempt.

There are three other possible sources—beer, spirits, and tobacco. An increase in the beer duty, sufficiently great to justify an addition to the retail price, would produce a very large sum—larger, indeed, than I require for my present purposes—and would have, besides, in all probability, the effect of diverting the consumption of alcohol from beer to spirits—a change which would certainly not conduce to the social health of the country. The incidence of a small duty, on the other hand, would, to a large extent, at any rate in the first instance, be upon the liquor trade rather than upon the consumer; and I should not feel justified in imposing such a burden in a year when so considerable an additional contribution is being called for from that trade under the head of licence duties.

The case of spirits is, however, somewhat different. I am aware that the small increases in the spirit duties which were made by Lord St. Aldwyn during the South African war were disappointing in their financial results, and that any further increase would undoubtedly result in a considerably diminished consumption, which would, to a very large extent at any rate, nullify the benefit to the revenue which might otherwise be expected to accrue from it. It does not, however, follow from the result of this small experiment that we have reached the absolute limit of the profitable taxation of spirits, or that a substantial increase in the rates of duty would not, in spite of its effects upon consumption, produce an appreciable amount of revenue. I am disposed, at any rate, to try the experiment, which, even if it ends—to take the most pessimistic view—in no larger revenue being raised from the higher rate upon a diminished consumption, than by the existing rate upon the present consumption, will still, in my view, be conducive to the best interests of the nation. It is perfectly true that the small duties imposed up to the present have not been productive. The reason for that was that the publican, or the retailer, found that, probably by changes in the character of the whisky, or by other means, he was able to get his money in another way, and the consumption decreased by a

considerable amount. It is idle, therefore, to put on anything except a fairly heavy tax, and I impose a duty which the publican will find it to his interest to charge. I propose to raise the present duties (Customs and Excise) on spirits by 3s. 9d. per gallon, an amount which will, on the one hand, justify an increase in retail prices, and on the other hand, assuming such an increase to be at the rate of a halfpenny per glass, will leave a margin to the publican to recoup himself for loss of profits arising from decreased consumption, and have something over towards mitigating the pressure of the new licence duty. The mere paper increase of a duty of that sort would be very considerable, but I do not expect to get anything approximating to that.

This year there are exceptional circumstances. First of all, the forestalments are very heavy. It is not merely forestalments up to the end of the last financial year, but they have been going on since, so that the wholesale people have got in hand sufficient stock to carry them on comfortably for a good many weeks at any rate. Therefore, we do not get the increase for some weeks, possibly for some months. That will make a very considerable hole in the estimate which I should otherwise have made of the yield of those taxes. Not only that, but I have not the faintest doubt that it will have the effect of decreasing consumption; that will be the inevitable effect. It may drive a good many from spirits to try beer and to expedients of that sort. It will involve a very considerable increase in the price of the commodity, and therefore, I think, must have a very considerable effect in diminishing the actual consumption.

Taking all these influences into consideration, I do not feel safe in counting upon receiving more than £1,600,000 additional revenue as the result of the change in 1909-10.

I have still nearly two millions more to find, and for this I must turn to tobacco—from a fiscal point of view, a much healthier source of revenue. The present rate of duty on unmanufactured tobacco containing 10 per cent. or more of moisture is 3s. a pound, and the increase I propose is 8d. a pound, with equivalent additions to the rates for cigars, cigarettes, and manufactured tobacco. Now, one pound of unmanufactured tobacco, as imported, produces, after allowance has been made on the one hand for waste in manufacture, and on the other for the moisture which is added in preparing it for sale, nearly one and one-fifth pounds of the tobacco of retail trade, so that an addition of a halfpenny an ounce to the retail price leaves the tobacco trade with an ample margin to finance the increased duty.

In estimating the additional yield from the increased rate of duty, regard must be had, as under the spirit duty, to the considerations that one month of the year has already passed, and that the duty-paid stocks are inflated by forestalments. Allowance must also be made—but in this case a comparatively small allowance—for decrease of consumption consequent upon the higher rate of duty. My estimate, therefore, is £1,900,000 for 1909-10, and £2,250,000 for a full year.

There will be a very considerably increased demand upon the yield of those taxes for the coming year. If the Navy expenditure is at the maxi-

A WAIL FROM WIMBLEDON.



MR. CHAPLIN.—“You’re ruining and robbing the Trade, and, what’s more, you’re only increasing the drinking.”
MR. LLOYD GEORGE.—“If the Licensing Bill will increase drinking how is the Trade going to be ruined?”

(By permission of “Westminster Gazette.”)

mum, which I anticipate, most of the increased revenue will be absorbed by naval expenditure. The balance will be appropriated to those schemes of social reform which I sketched at the beginning of my observations.

This is a War Budget. It is for raising money to wage implacable warfare against poverty and squalidness. I cannot help hoping and believing that before this generation has passed away we shall have advanced a great step towards that good time when poverty, and the wretchedness and human degradation which always follow in its camp, will be as remote to the people of this country as the wolves which once infested its forests.

SPEECH ON
THE LAND AND THE PEOPLE

Delivered at Limehouse, July 30, 1909

The two following speeches, delivered respectively at Limehouse and at Newcastle, were made during Mr. Lloyd George's Budget campaign, and before the Budget had reached the House of Lords. The Limehouse speech has been made the foundation of much of the criticism which has been levelled against Mr. Lloyd George's oratory, and the word "Limehouse" will perhaps live in the vocabulary of politics in order to provide the otherwise inarticulate victims of rhetorical castigation with a convenient and stereotyped retort. For a discussion of the Limehouse speech, see Vol. III., pp. 537 *sqq.*

A FEW months ago a meeting was held not far from this hall, in the heart of the City of London, demanding that the Government should launch into enormous expenditure on the Navy. That meeting ended up with a resolution promising that those who passed that resolution would give financial support to the Government in their undertaking. There have been two or three meetings held in the City of London since attended by the same class of people, but not ending up with a resolution promising to pay. On the contrary, we are spending the money, but they won't pay. What has happened since to alter their tone? Simply that we have sent in the bill. We started our four "Dreadnoughts." They cost eight millions of money. We promised them four more; they cost another eight millions. Somebody has to pay, and then these gentlemen say, "Perfectly true; somebody has to pay, but we would rather that somebody were somebody else." We started building; we wanted money to pay for the building; so we sent the hat round. We sent it round amongst workmen, and the miners and weavers of Derbyshire and Yorkshire,¹ and the Scotchmen of Dumfries, who, like all their countrymen, know the value of money, they all dropped in their coppers. We went round Belgravia, and there has been such a howl ever since that it has well-nigh deafened us.

But they say, "It is not so much the 'Dreadnoughts' we object to, it is pensions." If they objected to pensions, why did they promise them?

¹ A reference to the by-elections which took place in Derbyshire, Yorkshire, and Dumfries a few days before this speech was delivered, when the main issue before the electors was the Budget, which in all three divisions was supported by substantial majorities.

They won elections on the strength of their promises. It is true they never carried them out. Deception is always a pretty contemptible vice, but to deceive the poor is the meanest of all. They go on to say, "When we promised pensions we meant pensions at the expense of the people for whom they were provided. We simply meant to bring in a Bill to compel workmen to contribute to their own pensions." If that is what they meant, why did they not say so? The Budget, as your chairman has already so well reminded you, is introduced not merely for the purpose of raising barren taxes, but taxes that are fertile, taxes that will bring forth fruit—the security of the country which is paramount in the minds of all. The provision for the aged and deserving poor—was it not time something was done? It is rather a shame that a rich country like ours—probably the richest in the world, if not the richest the world has ever seen—should allow those who have toiled all their days to end in penury and possibly starvation. It is rather hard that an old workman should have to find his way to the gates of the tomb, bleeding and footsore, through the brambles and thorns of poverty. We cut a new path for him—an easier one, a pleasanter one, through fields of waving corn. We are raising money to pay for the new road—aye, and to widen it so that 200,000 paupers shall be able to join in the march. There are many in the country blessed by Providence with great wealth, and if there are amongst them men who grudge out of their riches a fair contribution towards the less fortunate of their fellow-countrymen they are very shabby rich men.

We propose to do more by means of the Budget. We are raising money to provide against the evils and the sufferings that follow from unemployment. We are raising money for the purpose of assisting our great friendly societies to provide for the sick and the widows and orphans. We are providing money to enable us to develop the resources of our own land. I do not believe any fair-minded man would challenge the justice and the fairness of the objects which we have in view in raising this money.

Some of our critics say, "The taxes themselves are unjust, unfair, unequal, oppressive—notably so the land taxes." They are engaged, not merely in the House of Commons, but outside the House of Commons, in assailing these taxes with a concentrated and a sustained ferocity which will not allow even a comma to escape with its life. Now, are these taxes really so wicked? Let us examine them; because it is perfectly clear that the one part of the Budget that attracts all this hostility and animosity is that part which deals with the taxation of land. Well, now let us examine it. I do not want you to consider merely abstract principles. I want to invite your attention to a number of concrete cases; fair samples to show you how in these concrete illustrations our Budget proposals work. Let us take them. Let us take first of all the tax on undeveloped land and on increment.

Not far from here, not so many years ago, between the Lea and the Thames, you had hundreds of acres of land which was not very useful even for agricultural purposes. In the main it was a sodden marsh. The commerce and the trade of London increased under Free Trade, the tonnage of your shipping went up by hundreds of thousands of tons and by

millions; labour was attracted from all parts of the country to cope with all this trade and business which was done here. What happened? There was no housing accommodation. This Port of London became overcrowded, and the population overflowed. That was the opportunity of the owners of the marsh. All that land became valuable building land, and land which used to be rented at £2 or £3 an acre has been selling within the last few years at £2,000 an acre, £3,000 an acre, £6,000 an acre, £8,000 an acre. Who created that increment? Who made that golden swamp? Was it the landlord? Was it his energy? Was it his brains—a very bad look-out for the place if it were—his forethought? It was purely the combined efforts of all the people engaged in the trade and commerce of the Port of London—trader, merchant, shipowner, dock labourer, workman—everybody except the landlord. Now, you follow that transaction. Land worth £2 or £3 an acre running up to thousands. During the time it was ripening the landlord was paying his rates and his taxes—not on £2 or £3 an acre. It was agricultural land, and because it was agricultural land a munificent Tory Government voted a sum of two millions to pay half the rates of those poor distressed landlords, and you and I had to pay taxes in order to enable those landlords to pay half their rates on agricultural land, while it was going up every year by hundreds of pounds through your efforts and the efforts of your neighbours.

That is now coming to an end. On the walls of Mr. Balfour's meeting last Friday were the words, "We protest against fraud and folly." So do I. These things I tell you of have only been possible up to the present through the "fraud" of the few and the "folly" of the many. What is going to happen in the future? In future those landlords will have to contribute to the taxation of the country on the basis of the real value—only one halfpenny in the pound! Only a halfpenny! And that is what all the howling is about.

There is another little tax called the increment tax. For the future what will happen? We mean to value all the land in the kingdom. And here you can draw no distinction between agricultural land and other land, for the simple reason that East and West Ham was agricultural land a few years ago. And if land goes up in the future by hundreds and thousands an acre through the efforts of the community, the community will get 20 per cent. of that increment. Ah! what a misfortune it is that there was not a Chancellor of the Exchequer to do this thirty years ago! We should now have been enjoying abundant revenue from this source.

I have instanced West Ham. Let me give you a few more cases. Take cases like Golder's Green and others of a similar kind where the value of land has gone up in the course, perhaps, of a couple of years through a new tramway or a new railway being opened. Golder's Green to begin with. A few years ago there was a plot of land there which was sold at £160. Last year I went and opened a tube railway there. What was the result? This year that very piece of land has been sold for £2,100—£160 before the railway was opened—before I went there—£2,100 now. My Budget demands 20 per cent. of that.

There are many cases where landlords take advantage of the needs of



THE PHILANTHROPIC HIGHWAYMAN.

MR. LLOYD GEORGE.—"I'll make 'em pity the aged poor!"

(By permission of the Proprietors of "Punch.")

municipalities and even of national needs and of the monopoly which they have got in land in a particular neighbourhood in order to demand extortionate prices. Take the very well-known case of the Duke of Northumberland, when a county council wanted to buy a small plot of land as a site for a school to train the children who in due course would become the men labouring on his property. The rent was quite an insignificant thing; his contribution to the rates I think was on the basis of 30s. an acre. What did he demand for it for a school? £900 an acre. All we say is this—if it is worth £900, let him pay taxes on £900.

There are several of these cases that I want to give to you. Take the town of Bootle, a town created very much in the same way as these towns in the East of London, by the growth of a great port, in this case Liverpool. In 1879 the rates of Bootle were £9,000 a year—the ground rents were £10,000—so that the landlord was receiving more from the industry of the community than all the rates derived by the municipality for the benefit of the town. In 1898 the rates had gone up to £94,000 a year—for improving the place, constructing roads, laying out parks, and extending, lighting and opening up the place. But the ground landlord was receiving in ground rents £100,000. It is time that he should pay for all this value, and the Budget makes him pay.

Another case was given me from Richmond which is very interesting. The Town Council of Richmond recently built some workmen's cottages under a housing scheme. The land appeared on the rate-book as of the value of £4, and, being agricultural, the landlord only paid half the rates, and you and I paid the rest for him. It is situated on the extreme edge of the borough, therefore not very accessible, and the town council naturally thought they would get it cheap. But they did not know their landlord. They had to pay £2,000 an acre for it. The result is that instead of having a good housing scheme with plenty of gardens and open space, plenty of breathing space, plenty of room for the workmen at the end of their days, forty cottages had to be crowded on two acres. If the land had been valued at its true value, that landlord would have been at any rate contributing his fair share of the public revenue, and it is just conceivable that he might have been driven to sell at a more reasonable price.

I do not want to weary you with these cases. But I could give you many. I am a Member of a Welsh county council, and landlords even in Wales are not more reasonable. The police committee the other day wanted a site for a police station. Well, you might have imagined that if a landlord sold land cheaply for anything it would have been for a police station. The housing of the working classes—that is a different matter. But a police station means security for property. Not at all. The total population of Carnarvonshire is not as much—I am not sure it is as great—as the population of Limehouse alone. It is a scattered area; no great crowded populations there. And yet they demanded for a piece of land which was contributing 2s. a year to the rates, £2,500 an acre! All we say is, "If their land is as valuable as all that, let it have the same value in the assessment book as it seems to possess in the auction-room."

There was a case from Greenock the other day. The Admiralty wanted

a torpedo range. Here was an opportunity for patriotism! These are the men who want an efficient Navy to protect our shores, and the Admiralty state that one element in efficiency is straight shooting, and say: "We want a range for practice for torpedoes on the coast of Scotland." There was a piece of land there which had a rating value of £11 2s., and it was sold to the nation for £27,225.

And these are the gentlemen who accuse us of robbery and spoliation!

Now, all we say is this: "In future you must pay one halfpenny in the pound on the real value of your land. In addition to that, if the value goes up, not owing to your efforts—if you spend money on improving it we will give you credit for it—but if it goes up owing to the industry and the energy of the people living in that locality, one-fifth of that increment shall in future be taken as a toll by the State." They say: "Why should you tax this increment on landlords and not on other classes of the community?" They say: "You are taxing the landlord because the value of his property is going up through the growth of population, through the increased prosperity of the community. Does not the value of a doctor's business go up in the same way?"

Ah, fancy their comparing themselves for a moment! What is the landlord's increment? Who is the landlord? The landlord is a gentleman—I have not a word to say about him in his personal capacity—the landlord is a gentleman who does not earn his wealth. He does not even take the trouble to receive his wealth. He has a host of agents and clerks to receive it for him. He does not even take the trouble to spend his wealth. He has a host of people around him to do the actual spending for him. He never sees it until he comes to enjoy it. His sole function, his chief pride is stately consumption of wealth produced by others. What about the doctor's income? How does the doctor earn his income? The doctor is a man who visits our homes when they are darkened with the shadow of death; who, by his skill, his trained courage, his genius, wrings hope out of the grip of despair, wins life out of the fangs of the Great Destroyer. All blessings upon him and his divine art of healing that mends bruised bodies and anxious hearts. To compare the reward which he gets for that labour with the wealth which pours into the pockets of the landlord purely owing to the possession of his monopoly is a piece—if they will forgive me for saying so—of insolence which no intelligent man would tolerate.

So much then for the halfpenny tax on unearned increment. Now I come to the reversion tax. What is the reversion tax? You have got a system in this country which is not tolerated in any other country in the world, except, I believe, Turkey—a system whereby landlords take advantage of the fact that they have got complete control over the land to let it for a term of years, spend money upon it in building, and year by year the value passes into the pockets of the landlord, and at the end of 60, 70, 80, or 90 years the whole of it passes away to the pockets of a man who never spent a penny upon it. In Scotland they have a system of 999 years lease. The Scotsmen have a very shrewd idea that at the end of 999 years there will probably be a better land system in existence, and they are prepared to take their chance of the millennium coming round by that time. But

in this country we have 60 years leases. I know districts—quarry districts—in Wales where a little bit of barren rock on which you could not feed a goat, where the landlord could not get a shilling an acre for agricultural rent, is let to quarrymen for the purpose of building houses at a ground rent of 30s. or £2 a house. The quarryman builds his house. He goes to a building society to borrow money. He pays out of his hard-earned weekly wage contributions to the building society for 10, 20, or 30 years. By the time he becomes an old man he has cleared off the mortgage, and more than half the value of the house has passed into the pockets of the landlord.

You have got cases in London here. There is the famous Gorringe case. In that case advantage was taken of the fact that a man had built up a great business. The landlords said in effect, "You have built up a great business here; you cannot take it away; you cannot move to other premises because your trade and goodwill are here; your lease is coming to an end, and we decline to renew it except on the most oppressive terms." The Gorringe case is a very famous case. It was the case of the Duke of Westminster. Oh, these dukes, how they harass us!

Mr. Gorringe had got a lease of the premises at a few hundred pounds a year ground rent. He built up a great business there as a very able business man. When the end of the lease came he went to the Duke of Westminster, and he said, "Will you renew my lease? I want to carry on my business here." The reply was, "Oh, yes, I will; but only on condition that the few hundreds a year you pay for ground rent shall in the future be £4,000 a year." In addition to that Mr. Gorringe had to pay a fine of £50,000, and to build up huge premises at enormous expense, according to plans approved by the Duke of Westminster.

All I can say is this—if it is confiscation and robbery for us to say to that duke that, being in need of money for public purposes, we will take 10 per cent. of all you have got, for those purposes, what would you call *his* taking nine-tenths from Mr. Gorringe?

These are the cases we have to deal with. Look at all this leasehold system. This system—it is the system I am attacking, not individuals—is not business, it is blackmail. I have no doubt some of you have taken the trouble to peruse some of those leases, and they are really worth reading, and I will guarantee that if you circulate copies of some of these building and mining leases at Tariff Reform meetings, and if you can get the workmen at those meetings and the business men to read them, they will come away sadder but much wiser men. What are they? Ground rent is a part of it—fines, fees; you are to make no alteration without somebody's consent. Who is that somebody? It is the agent of the landlord. A fee to him. You must submit the plans to the landlord's architect, and get his consent. There is a fee to him. There is a fee to the surveyor; and then, of course, you cannot keep the lawyer out. He always comes in. And a fee to him. Well, that is the system, and the landlords come to us in the House of Commons, and they say: "If you go on taxing reversions we will grant no more leases." Is not that horrible? No more leases, no more kindly landlords, with all their retinue of good fairies—agents, surveyors, lawyers, ready always to receive ground rents, fees, premiums, fines, re-

versions. The landlord has threatened us that if we proceed with the Budget he will take his sack clean away from the hopper, and the grain which we are all grinding in order to fill his sack will go into our own. Oh, I cannot believe it. There is a limit even to the wrath of outraged landlords. We must really appease them; we must offer up some sacrifice to them. Suppose we offer the House of Lords to them?

Now, unless I am wearying you I have just one other land tax to speak to you about. The landlords are receiving eight millions a year by way of royalties. What for? They never deposited the coal in the earth. It was not they who planted those great granite rocks in Wales. Who laid the foundations of the mountains? Was it the landlord? And yet he, by some divine right, demands as his toll—for merely the right for men to risk their lives in hewing those rocks—eight millions a year!

I went down to a coalfield the other day, and they pointed out to me many collieries there. They said: "You see that colliery. The first man who went there spent a quarter of a million in sinking shafts, in driving mains and levels. He never got coal, and he lost his quarter of a million. The second man who came spent £100,000—and he failed. The third man came along and he got the coal." What was the landlord doing in the meantime? The first man failed; but the landlord got his royalty, the landlord got his dead-rent—and a very good name for it. The second man failed, but the landlord got his royalty.

These capitalists put their money in, and I asked, "When the cash failed, what did the landlord put in?" He simply put in the bailiffs. The capitalist risks, at any rate, the whole of his money; the engineer puts his brains in; the miner risks his life. Have you been down a coal mine? I went down one the other day. We sank down into a pit half a mile deep. We then walked underneath the mountain, and we had about three-quarters of a mile of rock and shale above us. The earth seemed to be straining—around us and above us—to crush us in. You could see the pit-props bent and twisted and sundered, their fibres split in resisting the pressure. Sometimes they give way, and then there is mutilation and death. Often a spark ignites, the whole pit is deluged in fire, and the breath of life is scorched out of hundreds of breasts by the consuming flame. In the very next colliery to the one I descended, just a few years ago, 300 people lost their lives in that way; and yet when the Prime Minister and I knock at the doors of these great landlords, and say to them: "Here, you know these poor fellows who have been digging up royalties at the risk of their lives, some of them are old, they have survived the perils of their trade, they are broken, they can earn no more. Won't you give something towards keeping them out of the workhouse?" they scowl at us. We say, "Only a ha'penny, just a copper." They retort, "You thieves!" And they turn their dogs on to us, and you can hear their bark every morning. If this is an indication of the view taken by these great landlords of their responsibility to the people who, at the risk of life, create their wealth, then I say their day of reckoning is at hand.

The other day, at the great Tory meeting held at the Cannon Street Hotel, they had blazoned on the walls, "We protest against the Budget

in the name of democracy, liberty, and justice." Where does the democracy come in in this landed system? Where is the liberty in our leasehold system? Where is the seat of justice in all these transactions? I claim that the tax we impose on land is fair, is just, and is moderate. They go on threatening that if we proceed they will cut down their benefactions and discharge labour. What kind of labour? What is the labour they are going to choose for dismissal? Are they going to threaten to devastate rural England by feeding and dressing themselves? Are they going to reduce their gamekeepers? Ah, that would be sad! The agricultural labourer and the farmer might then have some part of the game that is fattened by their labour. Also what would happen to you in the season? No week-end shooting with the Duke of Norfolk or any one. But that is not the kind of labour they are going to cut down. They are going to cut down productive labour—their builders and their gardeners—and they are going to ruin their property so that it shall not be taxed.

The ownership of land is not merely an enjoyment, it is a stewardship. It has been reckoned as such in the past, and if the owners cease to discharge their functions in seeing to the security and defence of the country, in looking after the broken in their villages and in their neighbourhoods, the time will come to reconsider the conditions under which land is held in this country. No country, however rich, can permanently afford to have quartered upon its revenue a class which declines to do the duty which it was called upon to perform since the beginning.

I do not believe in their threats. They have threatened and menaced like this before, but in good time they have seen it is not to their interest to carry out their futile menaces. They are now protesting against paying their fair share of the taxation of the land, and they are doing so by saying: "You are burdening industry; you are putting burdens upon the people which they cannot bear." Ah! they are not thinking of themselves. Noble souls! It is not the great dukes they are feeling for, it is the market gardener, it is the builder, and it was, until recently, the small holder. In every debate in the House of Commons they said: "We are not worrying for ourselves. We can afford it, with our broad acres; but just think of the little man who has only got a few acres"; and we were so much impressed by this tearful appeal that at last we said: "We will leave him out." And I almost expected to see Mr. Pretymann jump over the table when I said it—fall on my neck and embrace me. Instead of that, he stiffened up, his face wreathed with anger, and he said, "The Budget is more unjust than ever."

We are placing burdens on the broadest shoulders. Why should I put burdens on the people? I am one of the children of the people. I was brought up amongst them. I know their trials; and God forbid that I should add one grain of trouble to the anxieties which they bear with such patience and fortitude. When the Prime Minister did me the honour of inviting me to take charge of the National Exchequer at a time of great difficulty, I made up my mind, in framing the Budget which was in front of me, that at any rate no cupboard should be barer, no lot should be harder. By that test, I challenge you to judge the Budget.

SPEECH ON
THE LANDLORD'S TARIFF ON INDUSTRY

Delivered at Newcastle, October 9, 1909

A MINISTER in charge of a great Bill has no time to prepare speeches, and I have not come here to deliver a speech. I have just come here for a plain, straight talk about the Budget, the opposition to it, and the prospects of both. It is six years since I had the privilege of addressing a gathering in Newcastle, and I have some recollection that then I dwelt upon the great burden imposed upon industry by ground landlords and the royalty owners, and I then mildly suggested that it was about time they should contribute something out of their wealth towards the necessities of the State. I come here to-day, six years afterwards, to tell you it will be done, and in a few years.

The Budget is through all its most troublesome stages, and it has emerged out of its forty days and forty nights in the wilderness rather strengthened and improved. We have made alterations and modifications. You cannot apply any great principle or set of principles without necessary hardships. We have done our best to meet every hard case that was presented to us, done our best, and done it amidst the taunts of the very people who pressed them upon us whenever we listened to them, as I have had to do for five months. I have done five months' hard labour.

Although we have made alterations and modifications, the Bill in its main structure remains. All the taxes are there. The land taxes are there. The super-tax is there. The poor fellows who are receiving only £5,000 a year and £10,000 and £20,000 a year will have to contribute just a little towards the expenses of the country. And then there is the man to whom somebody has left a fortune. He will have to contribute a little more. All these taxes remain, as they necessarily must, because, after all, when you order "Dreadnoughts," a respectable country like this must pay for them.

Now, I have told you that all the taxes remain. There has been one alteration in the form of one tax, and that is with regard to mineral rights. They complained when we taxed mineral rights. They said, "We do not object to pay the tax; all we do object to is the form of the tax." And they said it was uncertain. I said very well. It was not the form I cared

so much for as the substance. I was quite prepared to accommodate them. I did not want an uncertain tax, and they said so long as the tax was a certain one they preferred paying more. Well, I was prepared to meet them. I said the present uncertain tax will produce £175,000. So I altered it to a tax on mining royalties, which was certain, and produced £350,000. They are not a bit better pleased.

We are now through the Committee stage. We are through the last stage where the substance of the Bill can be modified. The Committee stage is the stage for the axe and the chisel and the plane. The Report stage is the stage for the sandpaper just to alter the drafting; but the substance remains, so that you see the Bill practically in the form in which it is going to become an Act of Parliament.

I will now proceed to examine the main objection to my proposals, and I may have to make some draft on your patience. What is the chief charge against the Budget by its opponents? That it is an attack on industry and an attack on property! I am going to demonstrate to you that it is neither. It is very remarkable that since this attack on industry was first promulgated in the House of Commons trade has improved. It is beginning to recover from the great crash which first of all came from America, the country of high tariffs, and it has improved steadily. It has not quite recovered; it will take some time for the operation; but it is better. Industries which were making losses last year are beginning to make profits this year. The imports and the exports have gone up during the last few months by millions. Industrial investments have been steady, and there has been, on the whole, an improvement even in brewery shares. Only one stock has gone down badly—there has been a great slump in dukes. They used to stand rather high in the market, especially in the Tory market, but the Tory Press has discovered that they are of no value.

The dukes have been making speeches recently. One especially expensive duke made a speech, and all the Tory Press said, "Well, now, really, is that the sort of thing we are spending £250,000 a year upon?" Because a fully-equipped duke costs as much to keep up as two "Dreadnoughts," and they are just as great a terror, and they last longer. As long as they were contented to be mere idols on their pedestals, preserving that stately silence which became their rank and their intelligence, all went well, and the average British citizen rather looked up to them, and said to himself, "Well, if the worst comes to the worst for this old country, we have always got the dukes to fall back on."

But then came the Budget. The dukes stepped off their perch. They have been scolding like omnibus drivers purely because the Budget cart has knocked a little of the gilt off their old stage coach. Well, we cannot put them back again. That is the only property that has gone down badly in the market. All the rest has improved. The prospects of trade are better, and that is the result of a great agitation which describes the Budget as an attack on industry and on property.

Well, now, why should Liberalism be supposed to be ready to attack property? After all, they forget this: I lay down as a proposition that most of the people who work hard for a living in the country belong to the

Liberal party. I would say, and I think, without offence, that most of the people who never worked for a living at all belong to the Tory party. And whenever you go across country you see men building up trade and business, some small, some great, by their industry, by their skill, by their energy, by their enterprise—not merely maintaining themselves and their families, but putting something by for evil days—hundreds of thousands of them—not all of them, I do not say that—but hundreds of thousands of them belong to the Liberal party.

If you came to the House of Commons you might imagine that all the men who had anything to lose were on the Tory side of the House, and that the men who had nothing to lose all sit on the Liberal side, whereas, as a matter of fact, the richest men in the House of Commons—I only mention the fact—happen to sit on the Liberal side of the House; and yet we are told they are all engaged at the present moment in destroying property and industry and riches. Why are they engaged in the operation? Let me say this about these men—my friend Mr. Churchill mentioned it last night in his speech. You will find these rich men in the House of Commons sitting up night after night, risking health, some of them most advanced in years, and what for? To pass a measure which taxes them to the extent of hundreds, maybe thousands, of pounds a year. All honour to them. That is the kind of rich men one honours, who are prepared to make sacrifices. Therefore, you may take it from me that the Liberal party is not a party that is likely to engage in a mere wanton war upon industry and upon property in this country. All we ask for is that wealth shall pay its fair share. We are simply seeking to establish in an Act of Parliament a very old friend and honoured fiscal principle that men should contribute to the needs of the State as God has prospered them.

But why should there be all this anger, all this fury against the Budget? I will tell you. There are two classes who really object to the Budget. The first are those who are seeking to establish a complete change in the fiscal system of this country—to tax food—and they know that once this Budget is through there is an end to their desired opportunity. The tax will be on the right shoulders, and they cannot shift it. There is a second, and I think a most powerful class, who are the great landlords of this country. Why do they object? Why are they angrier about the land taxes than about any part of the Budget? We are raising this year eleven or twelve millions of money out of new taxation. We shall probably raise next year something approaching twenty millions by the same taxation. And yet the land taxes this year only produce £650,000.

Why, then, all this anger about these taxes? I will tell you. The first reason is they are taxes that will grow. They only start at £650,000, and a good start, too. But, year by year, they are bound to grow. The increment duty will grow; the reversion duty will grow; the mineral duties will grow. The increment duty is bound to grow with the growth of the prosperity of this country, and that is a certainty. As you get an advance in science and advance in education it strengthens and develops the intelligence of the people, and directs it; as you get an advance in international ideas about peace, so that the wealth which is produced by the

industry of the people is allowed to accumulate and the harvest is not trampled down by the ravages of war, the prosperity of Britain is assured, and the growth of prosperity is assured. As it grows, the value of land taxes will grow.

Not merely are the riches in this country growing, but there are more rich people. Year by year wealth is getting better distributed, and when a man acquires wealth, he wants not merely better housing accommodation, but more elbow room; more land for recreation purposes, as well as for adornment. And it is not merely the wealthier sections of the community—the working classes are demanding better homes, too. They are not satisfied with the dull, grey street of the past. They do not clamour for palaces; but they are tired of Walbottles. They are not satisfied with promises merely that the housing problem will be settled for them on the other side of the valley, because they have observed that some of the people who insist most on that are the very people who choose the best sites on this side of the river. They are asking for more air, more light, more room, more verdure, more sunshine, to recruit energies exhausted in toil, and they will get it. I believe this Budget will help them to get it. As these new ideas—these new fruitful ideas—develop more land will be required, and the more land you require the more taxes will come from the Budget, and therefore these are taxes that will grow.

That is one reason why they object to them, but that is not the chief objection. The chief objection of great landlords to this Budget lies in the fact that it has great valuation proposals. Why do they object to valuation? Well, I will tell you why. It goes to the very root of all things in the land question. There has never been a public undertaking in this country, municipal, State, or industrial, there has never been an enterprise but that the landlord has generally secured anything from four to forty times as much for the value of the land as its agricultural price.

When I was at the Board of Trade I saw a good deal of it. I recollect a number of cases that were brought before me of complaints from the trading community as to the oppressive character of railway rates. From every part of the country, from every kind of business and undertaking, there was complaint that the heavy character of the railway rates was interfering with the successes and prosperity of that particular business. I had to go into it. I went into it very carefully in hundreds of these cases, and I found in the end that it was not the railway companies that were to blame. They had had to pay for every yard of land they had used and often fifty times its real value.

You may get a railway passing through a barren stretch of country, passing on its way between one great hive of industry and another, where the land is well-nigh worthless, with just a few shepherds' huts here and there, and an occasional stray mountain sheep. I do not suppose the land would be worth more than sixpence or a shilling an acre. But the railway company comes along and says: "We want to drive a railway through this wilderness!" What happens? The moment they ask for that land its value goes up enormously. Every trick and chicanery of the law, and there are many of them, as my brothers in law to the right can testify,

every one of these is exhausted in order to prove that this worthless land has enormous hidden value.

The first thing they say is : " What about the law of severance, what compensation are you going to pay for that ? Here you are driving a railway right through this valley ; you are separating that hill from this hill, they can never greet each other, they can never visit each other, they can never embrace each other ; what compensation do you pay for that ? " Damages, gentlemen, heavy damages for severance !

What is the next thing they prove ? Mind you, I am now telling you the facts that were brought to my notice at a conference in the Board of Trade on this very question by great railway managers of the kingdom. What is the next thing they have to pay for ? The landlord says : " This valley is not much to look at, but do you know what it means ? Look at its conformation ; you could convert this into a valuable reservoir to supply water for the great cities hundreds of miles away." So you have got to pay for that valley for the railway because you are destroying its market possibilities as a reservoir.

That is not all. Then they say : " Do you know there are minerals here ? " If you propose to tax ungotten minerals, they say, " How can you find out ? " But when it is a question of getting paid for them, they can bring you fifty surveyors and engineers, and agents, and experts, and lawyers, to prove to demonstration that every mineral in the dictionary is hidden in some obscure corner of the valley, and the damages mount up and the compensation swells, and the railway rates increase.

That is what happens. There is not a railway train—goods, luggage, or passenger—in which there is not one truck carrying interest on the excessive prices paid to the landlords.

All this is a heavy burden upon industry at the present moment in this country. Now you see where valuation comes in. Take municipalities. If they want land for any public purpose—a school in which to train children [Laughter and applause]—I can see you have a case in your mind. I never heard of it. Wherever you go you get the same sort of interjection. They at once think you are referring to some local thing that has happened ; and so you are. You cannot go to a single locality where you do not get cases : schools where the future citizens of the Empire are being trained, waterworks, gas, electricity, anything you want land for, alive or dead, you have got to pay for it four times as much as its agricultural value to these great landlords. Start analysing the rates of any great city, and you will be surprised how much is attributable directly to the excessive prices paid by municipalities for land for purposes which are essential to the very life of the city, to the very life of a civilised community.

Then, to come to business. What have we in trade, in business, in commerce, in industry ? If you want to found a new business or to extend an old one, the charges for land are extravagant, especially if you want to extend, because you are there. A trader who has been building up a business in a particular locality, who by years of care and industry and a good deal of anxiety and worry has been building up a business gradually

year by year—he cannot carry his trade away as if it were a coster's barrow and plant it in the next street; he has to get his extension where he is. Then comes the landlord, who has done nothing, and demands the highest price he can possibly extort. I can give you many cases of the kind. I have my bag full of them, sent to me from all parts of the country, with full particulars.

Hence the need for State valuation. The State valuer for the first time places a perfectly impartial valuation upon all the land of the kingdom. He separates the value of the land intrinsically from the value which is attributable to the expenditure by its owner. He thus for the first time forces the landlords to look at the value of land not merely from the point of view of a receiver, but of a payer. There is nothing like compelling a man to look at both sides of a question. That is really why they object to valuation. Whenever a great industry in the future requires land it can always quote the State valuation in answer to any extortionate and extravagant demands put forward on behalf of the landlords, and therefore they object, and object to it very strongly.

I should like to give you a few illustrations by way of showing to you how the new Budget taxes will work. I will take you first of all on a trip to my own country which is quite interesting, I can assure you. Some of you may know the South Wales coalfield. It is not long ago since it was a very wild, unproductive country, most of it common land. Landlord Parliaments soon handed over the property to the great landlords when they discovered there was mineral value in it. At the present moment the South Wales coalfield pays a million and a half per annum in royalties to a few landlords, and in ground rents hundreds of thousands of pounds.

Let me give you just one or two figures which will show what is done there. You get first of all land not very rich, agricultural land, rather poor agricultural land, where coal is discovered. The landlord leases the property to somebody who has the necessary enterprise and capital for purposes of development. The landlord himself does not sink any capital in these properties, except in rare instances. Somebody else does that, somebody else faces the risk of a loss, and the landlord takes sixpence a ton in the way of royalties.

What happens when you come to the surface? You must employ workmen for the purpose of carrying on your mining operations, and the workmen must have homes. So they start building, and the landlord then says: "Yes, certainly; by all means you may build, but you must pay a ground rent." There is land now leased in these valleys in South Wales which, within living memory (it may be only a few years ago in some cases), produced only a shilling an acre, where the landlord is now getting £30 and £40 per acre per annum, simply for the permission to build a few cottages upon it. They are able to build on lease, and in about sixty years the whole of this land will fall into the landlords' hands.

Take the Rhondda Valley—it is one of the greatest coalfields in South Wales. In the year 1851 the total population of the Valley was only a thousand. To-day the population is 132,000. The landlords receive annually £200,000 in royalties. They receive £30,000 a year in ground

rents. The colliery proprietors there pay in rates £54,000 a year. The landlords do not pay a penny. That is how the matter stands there. They charge for the minerals; they charge for the surface; whenever land is wanted for waterworks they charge heavy prices for it; railways have to pay, and between all these charges industry is burdened and the landlords do not contribute a penny towards the heavy and growing rates of the district.

Sir Christopher Furness the other day—I was very delighted to read the remarkable speech he delivered—gave a case where one of his collieries alone paid, I think, £300,000 in ten years. I should like to know how much the landlord contributed towards the rates of the district; probably not a penny, certainly not a penny of the £300,000; but the colliery company at the same time contributed heavily to the rates. I know that is the case so far as South Wales is concerned. There was a case given to me from South Wales the other day of a company which had sunk a good deal of money in mining operations, and they sent me their balance-sheet. I find their profits are £3,000 per annum—the profits of last year, I won't say per annum—and what do you think they paid to the landlords in royalties? £10,600. This company paid £3,500 in rates, they made a profit of £3,000, and the landlords got £10,600—more than the profits and the rates together—and yet they never sank a penny in the mine, nor do they pay one halfpenny towards the rates of the district.

And when I come along and say, "Here, gentlemen, you have escaped long enough, it is your turn now; I want you to pay just 5 per cent. on the £10,000 odd." "Five per cent.," they say to me. "You are a thief; you are worse, you are an attorney; worst of all, you are a Welshman." That always is the crowning epithet. Well, gentlemen, I do not apologise; I could not help it, and I do not mind telling you that if I could I would not. I am proud of the little land among the hills. But there is one thing I should like to say. Whenever they hurl my nationality at my head, I say to them, "You Unionists! You hypocrites! Pharisees! You are the people who in every peroration—well, they have only got one—always talk about our being one kith and kin throughout the Empire, from the old man of Hoy in the north down to Van Diemen's Land in the south." And yet if any man dares to aspire to any position, who does not belong to the particular nationality which they have dignified by choosing their parents from, they have no use for him. Well, they have got to stand the Welshman this time!

I have just given you some facts from the Welsh valleys. But then you will probably say to me, "These are Welsh landlords. Our landlords are not like that." [Laughter.] I thought from your patience that they must have been angels, but I see that you have got just the same sort. Well, you know you may say to us, "Why do you stand them?" Because you force us to stand them. We would have got rid of them long ago. When the Celt has a nail in his boot he takes it out. But you have been marching on until there is a sore. Have it out.

I have been inquiring into what is happening in England recently. Landlords have no nationality; their characteristics are cosmopolitan.

A case was given me the other day from Yorkshire, of all places in the world, and as it illustrates practically every tax which I propose in my Budget, if you can stand it, I will tell you this story. And as I have it on the authority of the managing director of the concern—well, he is responsible.

It is the story of a district in Yorkshire which four or five years ago was purely agricultural—really agricultural, receiving half its rates as agricultural land from your taxes and mine. There was not within four miles of it an industry, not a factory, not a coalmine. And some very enterprising mining investors came along, and said, "We think there's coal here." And they went to the landlord and said, "Will you allow us to dig for coal here?" He replied, "For a consideration, of course. I will only charge you 6*d.* a ton on all the coal that comes up."

They said, "What about the surface?" "Ah, certainly; I will sell you any surface land you want for the purpose for a consideration." "Well, what do you want?" they said. "You are receiving now 15*s.* 6*d.* an acre. What will you want from us?" "Well," he said, "£4 an acre." Then they said to him, "We must bring workmen here, and as there are no cottages we shall have to build them, and we propose building a model village." And they have built one of the most beautiful model villages in the kingdom.

When they asked "Will you allow us to build a few cottages?" he said, "Certainly, but I shall want a small return, £6 or £10 an acre—quite moderate," and I am not holding him up to pillory him. This landlord is really a most moderate landlord. The land was at 15*s.* 6*d.*, and he charges £10. Well, that is only eighteen times the value of the land. I can give you cases where landlords have charged thirty, forty, even a hundred times the value of the land. This man has been most moderate—only eighteen times its value.

Then he said to them, "There is the fish pond, rather near your model village. I don't think it will be worth much afterwards, whatever it's worth now. So I think you had better take it." The mining speculators replied, "All right. It will be rather good sport to fish either for trout or tadpoles." The landlord said, "I am getting £1 for it now; I will let you have it for eighteen guineas a year, cheap."

They started. They spent half a million without knowing what would happen. It was a real speculation, a real risk. They took it on, spent half a million, discovered the coal, and the landowner is getting royalties now at the rate of nearly £20,000 per annum. He is getting, in addition to the £4 per annum for every acre of land out of the surface used by the colliery—he is getting £6 to £10 per annum per acre for all the cottages there. He charges £4 per annum for tipping rubbish, and £10 per annum for workmen's cottages. And he is making a good thing out of it, a very good thing out of it.

Recently they were prospering and getting more and more coal, and in a very short time they will be paying £40,000 per annum for this land for the royalties alone. The landlord has never spent a penny upon it. Recently they wrote him and said, "We want more ground to build cottages on." He said, "Certainly, for £150 per acre," the land now for agricultural

purposes being worth about £20 per acre, and the landlord getting half his rates paid out of the general taxation of the country in respect to the fact that it is agricultural land.

What happens? He said to them, "I will let you have this land at £150 per acre," but he added—and I am sure this will commend itself to every temperance man in this house—he said, "No public-house to be erected." Well, now, gentlemen, that is all right. Oh, I beg your pardon. Here is another sentence, "without the consent of the landlord." If consent is given an extra premium is required. I like a man who puts a high value on his principles. Here, at any rate, is a man who won't part with them without an extra premium.

They said to him, "Well, supposing the enterprise fails; supposing we cannot get coal; or suppose we don't get a sufficient quantity to pay?" "Well," he said—landlords are always accommodating in these cases—"I charge you a dead rent." Very fair. Pay a dead rent for a dead failure. So it is a growing one. It is a graduated one. They believe in graduated receipts. I am trying to inculcate the principles of graduated payment to them, and in a few years the dead rent will be £7,900 a year. The more the mineowners sink in the mine the greater the loss, and the greater the loss of the mineowner the greater the payment to the landlord.

Where does my Budget come in? It comes in rather late, I admit. It ought to have come in in one of the earlier chapters. Still it comes in soon enough to give the story a happy ending. When the £40,000 royalty comes, 5 per cent. for the first time will come to the State. The land outside the land which is nominally agricultural land, but which is really now valuable building land, will pay a halfpenny in the £. When it is sold we will get 20 per cent. on the increase. And when the landlord passes away to another sphere we shall then get the dead rent, 20 per cent. on the increase.

More than that. We have had another little provision. We have considered his case thoroughly. When these cottages fall in and his heir comes and walks in for the whole of this beautiful model village—this model landlord of a model village—the State will then, under this Budget, say, "Very well, if you really must take all that property I think we had better get a toll of 10 per cent. off it, at any rate. We shall be able to do something for the people who live in these cottages. We have got a little provision. He has only leased one seam of coal. They have discovered, I think, four seams. Some day the other three seams will probably be leased, and then the 5 per cent. only applies to existing collieries. But we have got a special provision for future collieries. We shall then ask from him not 5 per cent. of the royalty, but 20 per cent." Where is the injustice there? I have been listening to criticism for five months, and they could not point out a single injustice in it. They simply scolded at large.

I defy any reasonable man anywhere to say that there is any injustice in taxing men under these conditions, when the State needs the money. We want money for the defence of the country; to provide the pensions of the old people who have been spending their lives in tilling the soil at a very poor pittance, in sinking those mines, risking their lives. And when

they are old we do not want to starve them or to humiliate them ; and we say what better use can you make of wealth than to use it for the purpose of picking up the broken, healing the wounded, curing the sick, bringing a little more light, comfort, and happiness to the aged ? These men ought to feel honoured that Providence has given them the chance to put a little into the poor-box, and since they won't do it themselves we have got to do it for them.

I have another illustration before I come to the House of Lords showing how these taxes on landlords really burden industry. The other day in the House of Commons there was a speech delivered, when I proposed to tax mining royalties, by a gentleman called Sir John Randles. And, by the way, it is a very significant and interesting lesson for you in Newcastle that that gentleman got into the House of Commons purely through a split in the party at the by-election in Cockermouth. The candidate who was opposed to him was in favour of the taxation of mining royalties ; in fact, he has been working hard for the Budget League—Mr. Frederick Guest.

Well, Sir John Randles made a speech in the House of Commons which he thought was against the proposal. He said, " This tax is an unjust one. It is an oppressive one. It interferes with industry." That is the tax of 5 per cent. which I proposed on mining royalties. He said, " Do you know how much it will cost per ton of steel ? " And he began working it out. You require limestone, ore, and so many tons of coal, and we have a 5 per cent. tax on the royalty on each. And he said, " That comes to sixpence per ton on steel—your tax on mining royalties—and that interferes with the competition with the foreigner."

We pointed out to him that in the first place we did not tax the industry at all, but simply taxed those who did tax industry. We pointed out to him that 5 per cent. was only a twentieth, and if our taxes upon the royalties came to sixpence, the royalties must have been 10s., and if a 6*d.* tax upon steel is going to interfere with our competition with the foreigner, what will 10s. do ? As a matter of fact, it is not against foreign tariffs that we want to be protected. What we want is protection against the landlords' tariff.

Well, now, we are going to send the Bill up—all the taxes or none. What will the Lords do ? I tell you frankly it is a matter which concerns them far more than it concerns us. The more irresponsible and feather-headed amongst them want to throw it out. But what will the rest do ? It will depend on the weather. There are some who are not fair-weather sailors, and they will go on. But poor Lord Lansdowne—with his creaking old ship and his mutinous crew—there he is, he has got to sail through the narrows with one eye on the weather-glass and the other on the fore-castle.

But it does not depend on him. It will depend, in the first place, probably on the reports from the country. The most important gentleman in the business is not Lord Lansdowne with all his adroit management of the House of Lords, not even Mr. Balfour with his invaluable services to his party. The real sailing master is Sir Alexander Acland-Hood, the chief Whip of the Tory party ; and the Ancient Mariner is engaged at the

present moment in trying to decide whether it is safe to shoot the albatross. He will probably not decide until too late. But still this is the great Constitutional party, and if there is one thing more than another better established about the British Constitution it is this, that the Commons, and the Commons alone, have the complete control of supply and ways and means; and what our fathers established through centuries of struggle and of strife—even of bloodshed—we are not going to be traitors to.

Who talks about altering and meddling with the Constitution? The Constitutional party—the great Constitutional party. As long as the Constitution gave rank and possession and power to the Lords it was not to be interfered with. As long as it secured even their sports from intrusion and made interference with them a crime; as long as the Constitution enforced royalties and ground rents and fees and premiums and fines, and all the black retinue of exaction; as long as it showered writs and summonses and injunctions and distresses and warrants to enforce them, then the Constitution was inviolate. It was sacred. It was something that was put in the same category as religion, that no man should with rude hands touch, something that the chivalry of the nation ought to range itself in defence of. But the moment the Constitution looks round; the moment the Constitution begins to discover that there are millions of people outside park gates who need attention, then the Constitution is to be torn to pieces.

Let them realise what they are doing. They are forcing a revolution, and they will get it. The Lords may decree a revolution, but the people will direct it. If they begin, issues will be raised that they little dream of. Questions will be asked which are now whispered in humble voices, and answers will be demanded then with authority. The question will be asked whether five hundred men, ordinary men chosen accidentally from among the unemployed, should override the judgment—the deliberate judgment—of millions of people who are engaged in the industry which makes the wealth of the country.

That is one question. Another will be, Who ordained that a few should have the land of Britain as a perquisite? Who made ten thousand people owners of the soil, and the rest of us trespassers in the land of our birth? Who is it who is responsible for the scheme of things whereby one man is engaged through life in grinding labour to win a bare and precarious subsistence for himself, and when, at the end of his days, he claims at the hands of the community he served a poor pension of eightpence a day, he can only get it through a revolution, and another man who does not toil receives every hour of the day, every hour of the night, whilst he slumbers, more than his poor neighbour receives in a whole year of toil? Where did the table of that law come from? Whose finger inscribed it? These are the questions that will be asked. The answers are charged with peril for the order of things the Peers represent; but they are fraught with rare and refreshing fruit for the parched lips of the multitude who have been treading the dusty road along which the people have marched through the dark ages which are now merging into the light.

SPEECH ON
THE GREAT ASSIZE OF THE PEOPLE

Delivered at the National Liberal Club, December 3, 1909

In this speech the Chancellor of the Exchequer declared war upon the House of Lords after the rejection of his Budget. See Vol. III., Ch. VI.

MY LORDS AND GENTLEMEN, the extreme kindness of your reception requites me for many a weary and anxious month of hard work. I come here to-day not to preach a funeral oration. I am here neither to bury nor to praise the Budget. If it is buried, it is in the sure and certain hope of a glorious resurrection. As to its merits, no one appreciates them more sincerely than I do; but its slaughter has raised greater, graver, and more fruitful issues. We have to arrest the criminal. We have to see that he perpetrates no further crime.

The momentous event of last Tuesday has closed one chapter in the history of this country, a chapter which opened over seventy years ago with a bright gleam of hope for the people of this country. Much of that hope has been realised. Perhaps most of it has faded into the gloom of disappointment. A new chapter is now being written—equally full of hope, but with a better prospect of realisation—for the sinister assembly which is more responsible than any other power for wrecking popular hopes has, in my judgment, perpetrated its last act of destructive fury.

They have slain the Budget. In doing so they have killed the Bill which if you will permit me to say so, had in it more promise of better things for the people of this country than most Bills that have been submitted to the House of Commons. It made provision against the inevitable evils which befall such large masses of our poor population—their old age, infirmity, sickness, and unemployment. The schemes of which it was the foundation would, in my judgment, if they had been allowed to fructify, have eliminated at least hunger from the terrors that haunt the workman's cottage.

And yet here you have an order of men blessed with every fortune which Providence can bestow on them grudging a small pittance out of their super-abundance in order to protect those who have built up their wealth against the haunting terrors of misery and despair. They have thrown out the Budget, and, in doing so, have initiated one of the greatest, gravest, and most promising struggles of the time. Liberty owes as much

to the foolhardiness of its foes as it does to the sapience and wisdom of its friends. I wish for no better illustration of that than this incident.

Here, for years, for generations, Liberal statesmen have striven to bring to an issue these great forces. Their Bills were mutilated, torn, and devitalised by this machine, and they were never able to bring the cause to any sort of decision. It has been done at last, and I am proud that I have had a small share in it. At last the cause between the Peers and the people has been set down for trial in the great assize of the people, and the verdict will soon come. The Assembly which has delayed, denied, and mutilated justice for so long has at last been brought to justice.

Well, now, we are on the eve of a General Election, which will decide this great question. There may be the usual attempt to divert the attention of the jury by turning their minds on to other and irrelevant questions. I have no doubt the stale old question of Protection will be brought up. Any one who has read carefully the modern political history of this country can recall many instances where the Tory party, hard pressed, has always resorted to Protection. They will try it again. It will fail. It is not that we are afraid of them. In fact, it raises in a very clear way the issue which we will be delighted to get the mind of the country upon : whether the service of the country, whether the money for the service of the country is to be raised by taxing the unearned increment upon land and by taxing luxuries, or by taxing the bread and meat of the people.

But, after all, there will be one great dominant question submitted to the electors, one that will absorb all others. What is that ? (A Voice : " The House of Lords.") That's it—the question which was put by the Prime Minister in his great speech yesterday. Here are you a nation of nearly 45 millions, one of the greatest nations the world has ever seen, a nation whose proficiency in the art of government is unrivalled, a nation which has no superior in commerce or in industry. It has established the greatest merchant fleets that ever rode the waves. It has got the greatest international commerce in the world. It has founded the greatest and most extensive empire the world has ever witnessed.

And yet we are told that this great nation, with such a record of splendid achievements in the past and in the present, is unfit to make its own laws, is unfit to control its own finance, and that it is to be placed as if it were a nation of children or lunatics, under the tutelage and guardianship of some other body—and what body ? Who are the guardians of this mighty people ? Who are they ? With all respect—I shall have to make exceptions ; but I am speaking of them as a whole, and I shall come to the analysis later on. They are men who have neither the training, the qualifications, nor the experience which would fit them for such a gigantic task. They are men whose sole qualification—speaking in the main, and for the majority of them—they are simply men whose sole qualification is that they are the first born of persons who had just as little qualification as themselves.

To invite this Imperial race ; this, the greatest commercial nation in the world ; this, the nation that has taught the world the principles of self-government and liberty ; to invite this nation itself to sign the decree that declares it unfit to govern itself without the guardianship

of such people, is an insult which I hope will be flung back with ignominy. This is a great issue. It is this: Is this nation to be a free nation and to become a freer one, or is it for all time to be shackled and tethered by tariffs and trusts and monopolies and privileges? That is the issue, and no Liberal will shirk it.

It is time something were done. The insolence of that Assembly has grown by immunity. They did not believe we were in earnest, and it is time that we showed that we were. It has thrown out Liberal Bills—Bill after Bill, even after the country had declared explicitly its views on the matter. It has passed Conservative measures which were never submitted to the judgment of the country. In fact, it is purely a branch of the Tory

organisation. It is just as much a Tory organisation as either the Tariff Reform League or the Coal Consumers' League. They are three separate and distinct parts of the same great mechanism of destruction, just different branches of the same service. Carlyle once said, "It is wonderful how long a rotten institution will hold together so long as it is not roughly handled." It is time it were handled firmly.

Mr. Balfour yesterday taunted us with making speeches about the House of Lords and passing resolutions. I agree, if we left it there, we should justify every gibe that has been flung at us. You cannot with menacing speeches cast down even the most rickety



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and gimcrack of idols. You must handle them a little more firmly, and the time has come for unflinching and resolute action. For my part, I would not remain a member of a Liberal Cabinet one hour unless I knew that the Cabinet had determined not to hold office after the next General Election unless full powers are accorded to it which would enable it to place on the Statute Book of the realm a measure which will ensure that the House of Commons in future can carry, not merely Tory Bills, as it does now, but Liberal and progressive measures in the course of a single Parliament either with or without the sanction of the House of Lords.

That does not mean a single Chamber; but it does mean that where there is a conflict between the two Houses, and the House of Lords persist in their resistance after full opportunity is accorded to both Houses for

reflection, then in the course of a single Parliament the will of the House which represents the people of this country must and shall prevail. I should like to examine the claim of this House of Lords to be the impartial, superior, judicial, and dispassionate assembly which its own friends assume that it is. It is a great claim. Let us examine its credentials. Here you have got two assemblies face to face, and one of them must prevail. Let there be no mistake about that. It is not a question whether the House of Commons and the House of Lords should go on side by side with almost co-ordinate authority; it is a question which of them is to prevail. Is it the House that represents the 45,000,000 of people, or the House that represents the 600 more or less who happen to be there at the time, and I am not sure that it represents even them?

Look at these two Assemblies. You might imagine from the way they talk about the House of Commons that we were all—the 670 of us—men who had been picked up at random from lorries in Hyde Park or from street corners orating on a tub. What is the House of Commons? And when I ask that question I am not referring to the present House, but to every House of Commons that I have had experience of, and I have been a member of five Parliaments—three of them Unionist and two of them Liberal—and what I say about the House of Commons applies to all five. The House of Commons not merely in an elective capacity, but in the personality of its individual members, represents every business, every trade, every branch of commerce and industry, and every great profession in the country. They are men of experience in the trade and commerce of the country.

You have got a certain number of men of that kind in the House of Lords. I do not deny it, and they make the most of it. They do everything with them except take their advice. They are good enough for advertisement. They are good enough for placards. They are good enough for the shop-window—but they are to be kept out of the counting-house. These are not the men who rule the House of Lords. They are a small minority of the House of Lords, and they are not listened to in the House of Lords as they are in the House of Commons.

Take, if you will, three or four of the principal industries of the country: Agriculture, which, I suppose, is the greatest of them all. You have got landowners in the House of Lords. How many farmers have you got there? How many ploughmen? If you come to the House of Commons you have landowners, but you have also farmers. You have got men who have earned their living between the horns of a plough. So much for agriculture. And a little more, you have other branches of the great agricultural interests in the House of Commons—men who, in various capacities, either as merchants, or agents, or dealers, have come into contact with agriculture in every phase and form which is thoroughly representative in the individual character of its members.

Now come to the great transport industries of the country. In the House of Lords you have got great shipowners. You have got great shipbuilders. You have got one of the greatest, if not the greatest, shipbuilders in the world there (Lord Pirrie). He voted for the Budget. I had the

pleasure and privilege of visiting his great yard in Belfast some years ago, and there I found two or three mammoth ships. "Whom are you constructing these for?" I asked. They said, "For the Germans"—some patriotic Germans, who, instead of building ships at home, actually gave orders to British firms. The Lords include shipowners and shipbuilders; but in the House of Commons you have not only shipbuilders and shipowners, but men who have served before the mast. You have got pilots there. You have got men who have been engaged in every branch of the merchant service.

And then come to the railways. You have railway directors in the House of Lords. I am not mentioning that as a proof that there is anybody there who knows anything about railways. At the same time, there maybe one or two of them that do. But in the House of Commons you have not merely directors, you have men who have served as railway guards and porters.

How many miners have they in the House of Lords? How many colliers have they? They have colliery proprietors; they have royalty owners. We have those in the House of Commons; but we have miners as well.

How many weavers and spinners do you find in the House of Lords? You have every side of this great industry represented in the House of Commons.

I will tell you another fact which is even more important. In the House of Lords you soon exhaust the men who have had any training in business at all. My friend Mr. Samuel was kind enough to tell me that he had analysed the list supplied by the "Times" the other day. The "Times" said: "Now look at this great business assembly," and they gave a list of the noble lords who knew everything about everything, and I found that out of that list—or rather, Mr. Samuel did—there were 103 of them—only 57 voted against the Budget to begin with. It was not an overwhelming majority, and in order to make out any show of business men they have to leave out some of our men who do know something about business. But taking them altogether they are just a small minority of that large body.

But you come to the House of Commons! The average type of man there is a man who has gone through all those stages—men who have worked themselves up through various kinds of industry, trade, and commerce until they have won for themselves the distinction of a seat in the greatest Parliament in the world. That is the real difference between them, and a very substantial difference it is. You have just a few in the House of Lords, and the rest of them are of no more use than broken bottles on a park wall to keep off poachers. And that is what they are there for—to keep off Radical poachers from the lordly preserves. There are many of them, if you dissolved the House of Lords to-morrow, who probably would be in the House of Commons, and would take honourable, distinguished, and probably commanding positions there; but these are not the men who say the Budget should be thrown out.

How did the Lords arrive at the position? It is worth looking into.

For those who say that it is an Imperial assembly who soberly and calmly sit down to consider the proposition on its merits, a mere narration of the events that led up to the throwing out of the Budget, a mere enumeration of the forces that propelled the Budget out of the Lords is a complete answer. Who opposed the action of the Peers? There is Lord Balfour of Burleigh, who delivered one of the greatest speeches. Who is he? A very able Tory, and a Scotch Tory—a Tory in whom there is no guile. He was against its being thrown out.

There is Lord James—one of the greatest constitutional lawyers of the day, and a man who made the biggest political sacrifice of any politician. He is above suspicion of undue partiality to the Radical Government. Lord Cromer, the greatest of living pro-Consuls. Lord Rosebery—nobody will accuse him of excessive partiality either to the Budget or the Government, and if he advised them not to throw it out it must have been after a careful consideration of all the conditions. He was of opinion that it was a mad act of folly. Then there is Lord St. Aldwyn—one of the greatest of Tory financiers—I am not quite sure I should not be right if I said the only Tory financier. He was not there, and I can better imagine than repeat the language he probably used about it.

Who was on the other side? Lord Lansdowne. Are you quite sure? I am not in the counsels of Lord Lansdowne. He did not consult me about it, but I am not sure my conclusion would have been very different. But what has he done? He has been forced into his position. It is not I that said so. Lord Rosebery said so. Others sitting on the same side hinted it broadly. He was forced into it against his own better judgment, but, having been forced, saw no way out of it. Being in the trap, he thought he might as well eat the cheese, and not leave it for the consumption of any other mouse or rat.

But who is really on the other side? Lord Curzon unmistakably. There was no mistake about him. Now, Lord Curzon is not a very wise or tactful person. All I would say about him would be this: I think he is less dangerous as a ruler of the House of Lords than as a ruler of India. For further particulars apply to Lord Kitchener. And if you want any more information you might apply to Lord Midleton. I will say no more of him. Then there is Lord Milner. There is one thing in common between Lord Milner and Lord Curzon. They are both very clever men, but they are that class of clever men with every gift except the gift of common sense.

Look at the two pro-Consuls who took part in this debate—one of them, Lord Cromer, advising that the Bill should not be thrown out; the other, Lord Milner, advising that it should be thrown out; Lord Cromer, the man who, finding a province devastated by its Government, desolated by war, left it a land of abounding and smiling prosperity; the other found a smiling land—prosperous, leaping into great wealth—and left it, after two years of mismanagement and miscalculation a scorched and blackened desert. He has a peculiar genius for running institutions and countries into destructive courses.

There is the man who threw out the Budget! His motto is one I apologise

A LITTLE CORRECTION.



BUDGET.—“Did you say that you wouldn’t swallow me without mincing?”

LORD LANSDOWNE.—“No, sir—please, sir—I never said *mincing*, I might have said *winning*.”

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for quoting in a respectable assembly. His motto is "Damn the consequences." The war, he says, will only cost ten millions. Somebody says it will cost 220 millions. He says "Damn the consequences!" Tariff Reform, says he, will produce 20 millions a year and help every trade and industry. You go to him and say it won't produce five, and will ruin and embarrass half the trades of the land. He will say "Damn the consequences!" Here you are raising millions of money for the poor, the broken, the wretched, and you have to put off for a couple of years looking after the unemployed, the sick, and the aged—never mind the consequences! That is the spirit, that is the temper, that is the genius that has rejected the Budget. How long is Britain going to be ridden down by this sort of rule? Not an hour later than the next General Election.

I should like to ask if you have gone into the journals that counselled this. It is true that at the last moment they have all rallied. I am not criticising that, I am not condemning them. They rallied to their party. Party discipline has asserted itself; party loyalty has over-ridden their judgment. But I am taking the period when they were making up their mind. Which were the journals that counselled rejection? Which were those that advised them not to reject? All the weightiest papers on the Conservative side were against it: The "Times," the "Birmingham Post," the "Glasgow Herald," the "Spectator," and, I hope I am not wrong here, but I am not quite sure of the fifth, but I think the "Yorkshire Post." These were the papers that counselled the Lords not to follow the advice of the wild men.

Who was on the other side? Practically only one able but ill-balanced journalist. It is true that he was writing in two or three papers—in the "Observer" and the "Telegraph." I am not sure that he did not write in the "Daily Mail." Very well. Here is a man who was advocating a few years ago the cause of Parnellism with the same fervour and the same extravagance as he is now advocating the rejection of the Budget. Even the "Daily Mail" hesitated, too. It only came in at the last moment. It had a bad skid once to our side. But I admit that for the last couple of months it has placed at the disposal of the wreckers that passion for accuracy of statement which has been so dear to it.

That is how the Bill was thrown out—not by the wise men, not by the reflecting men, of the Unionist Party, but by its Mad Mullahs. And here is the assembly—you see what I am coming to?—here is the assembly which is supposed to be dispassionate, to be calm, to be judicial above everything—this is the body that is to stand between us and anarchy! Here is the Fire Brigade that is to quench the flames of revolution when they come! Why, they cannot put out a little fire in the backyard of the Sunday edition of the "Daily Mail." They have joined the incendiaries.

"Well, now," they say, "have you not great financiers to support the rejection of the Budget?" What about Lord Rothschild and Lord Revelstoke? The House of Lords has indulged in a good deal of plain speaking about me. I mean to return the compliment. It shows my appreciation of their style. Lord Rothschild and Lord Revelstoke did it on the ground, they said, that British investments were absolutely no use at the present

moment. The only thing fit to invest in was something which was foreign. These two noblemen are great exporters of British capital.

They are making a competence and a respectable living, and when I hear these two able financiers say that the British fish smells rather strongly, and that the foreign fish on their stalls is both sweet and wholesome, then I say, "My Lords, you are two very good salesmen." At the same time, I say to them, "We in this old country"—some of us and our ancestors have been here over two thousand years—time whereof the memory of man runneth not to the contrary—"we are getting a little tired of these noblemen who are always running down British products and British investments, and all the things in the country that afforded hospitality to their forefathers, and enabled them to make their riches."

Why did they reject it? They said if they hadn't rejected it things would have been done which were irretrievable. What were they? It is perfectly true until the next General Election the brewers would have had to contribute to the building of a couple of Dreadnoughts. Is that so dangerous a calamity that the House of Lords should have been induced to throw out the Bill? What else was the danger—a few millionaires, or, rather, a few heirs of millionaires, might in the course of the next year or two, if so unfortunate as to get two millions left to them, have to pay a little more to the country.

But Lord Rothschild said: "Worse than that." He said the Holy Inquisition would have been set up. What is that? The Holy Inquisition for the super-tax. He would have been obliged to reveal his income. Intolerable! I beg his pardon. Does he know that at the present moment hundreds of thousands of tradesmen and professional men—small people, it is true, but who have just the same objection to revealing their income, or their lack of income, and would be just as glad to get off by paying half of what they ought to pay as any lord or duke in the land—have to submit to this inquisition, and are doing it. Lord Rothschild seems to say: "What! Are you going in this country to make the same law for me and for my grocer? Out with the Bill at once!" Those days are gone, and the sooner these noble lords reconcile themselves to the change the better for their peace of mind.

Oh, but it is unemployment. Lord Rosebery said so. Well, Lord Rosebery's speeches are very curious productions; extraordinarily interesting and picturesque and very eloquent, but they always remind me of the Parable of the Virgins. His arguments, some of them are wise and some of them are foolish. The only difference is that they are not as equally distributed. Really, what could be more—I am sorry to use the words, for I have great respect for Lord Rosebery, and great admiration for him, and a curious sort of liking for him—but what could really be more silly than that statement about the bonds, foreign bonds, ballasting ships from this country abroad? If that is true, it means we were unloading foreign bonds as quickly as we could.

Then as to trade, he said that nothing had been done in trade since this Budget was introduced—complete stagnation. Well, really if he would only just look at the figures—the only figures he interests himself in are

figures of speech—but if he would only look at the figures, he would have known that even the foreign trade of this country, our international trade, our imports and exports, had gone up by 25 millions since this wretched Budget was brought in. And then unemployment. Really, it is so important, because they are making so much of this, that, at the risk of wearying you, I am going to give you the actual figures. Now look at this. In April of last year unemployment in this country was 7·1 per cent., and by the month of October it went up to 9·5, a gigantic increase of unemployment between April and October last year.

What happened this year? The Budget was introduced on April 29. The effect upon unemployment was instantaneous. The unemployment figures in April were 8·2 per cent., and by October they had come down to 7·1 per cent., a decrease as compared with last year of about 25 per cent. What is the good of talking about increase of unemployment when you have facts to show that steadily the unemployment figures have gone down. That has been the effect on unemployment, and that will be the effect. I do not mean to say that the dislocation which has been due entirely to the action of the Lords won't have any injurious effect. Of course it will have an injurious effect on the money market, and that will re-act to a certain extent on trade and commerce. Why should they put that on our shoulders? It is entirely their own doing, not ours.

But they have not rejected the Budget; they have only referred it to the people. On what principle do they refer Bills to the people? I remember the election of 1900, when a most powerful member of the Tory Cabinet said that the Nonconformists could vote with absolute safety for the Government, because no question in which they were interested would be raised. In two years there was a Bill destroying the School Boards. There was a Bill which drove Nonconformists into the most passionate opposition. What did the House of Lords do? Did they refer it to the people? Oh no, there was a vast difference between protecting the ground landlords in towns and protecting the village Dissenter. After all, the village Dissenter is too low down in the social scale for such exalted patronage, so he was left to the mercy of a Tory House of Commons without any of this high and powerful protection. Well, the Dissenters, despised as they may be, once upon a time taught a lesson to the House of Lords, and ere another year has passed they will be able to say, "Here endeth the second lesson."

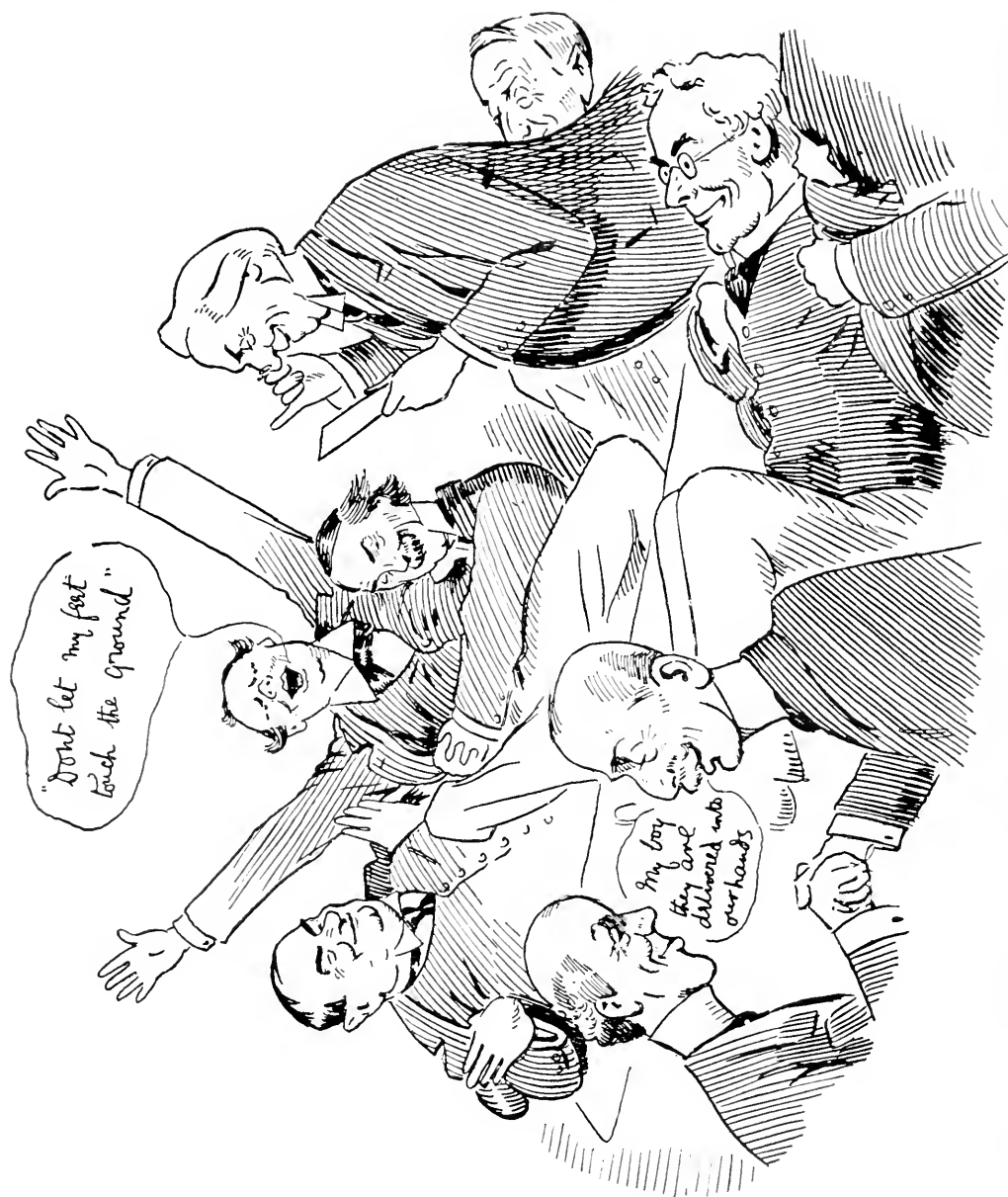
No. They do not choose Bills on merits. If they want to reject, or what they call refer to the people, they have another method. If a Bill has powerful friends that can avenge its assassination it passes through that perilous journey without toll. But if it has no friends of that kind? The Lords slaughtered without compunction temperance Bills. Who is there who would befriend the drunkard? He cannot do it himself. He is at their mercy, and the drunkard's wife has no vote. But there are rich brewers in the House of Lords, and their shareholders, and these Bills have to be slaughtered.

At last with all their cunning, their greed has overborne their craft, and we have got them at last. And we do not mean to let them go until

all the accounts in the ledger have been settled. Ah! Why did they do it on the Budget? This is simply the fulfilment of the measure of their iniquity. Nay, more than that. Mr. Balfour said, "This is merely your pet vanity." What? The right of the Commons to grant supplies a pet vanity! It is a franchise won through generations of sacrifice and of suffering. The Commons of England stormed the heights after many repulses, many a failure, with heavy losses, but they captured them, and the plain of government was at their feet.

Now, when we are beginning to realise the possibilities of that position, when we have discovered—I won't say for the first time—but discovered in real earnest what the power of finance means in the repression of wrongs, the House of Lords come along and say, "We will share the garrisoning of that position." All I can say is if that position, if that rampart, is surrendered it will be the greatest act of folly any democracy has ever perpetrated. Every grain of freedom is more precious than radium, and the nation that throws it away is the most wanton of prodigals. Think of the most commonplace public right we enjoy. What an incident of our everyday life! Yet it has cost generations of pleading and of pain to wring it out of the grip of tyranny.

Here we are this afternoon, at a public meeting, discussing urgent matters of vital public importance, and think nothing of it—nothing of it! But you know that this commonplace right has cost centuries of strife, of suffering, of struggling to our forefathers. And the rights of the Commons of England to grant supplies and to make the redress of grievances the condition of that grant drenched England with blood. That right is the proud possession of Englishmen. They were pre-eminent in the conflict that won it. It is their noblest tradition, and I do not believe that the dauntless national spirit which won that liberty has become so degenerate that at the call of an effete oligarchy, without striking a blow, Englishmen of to-day mean to surrender one of the finest and fairest provinces of freedom won by their ancestors.



AWFUL SCENE OF GLOOM AND DEJECTION, WHEN THE MINISTRY
HEARD OF THE LORDS' DECISION TO REFER THE BUDGET TO
THE COUNTRY.

(By permission of "Punch.")

SPEECH ON
THE BUDGET EXAMINED

Delivered at Carnarvon, December 9, 1909

The following seven speeches (pp. 707 to 765) were delivered in the course of what has so far been the greatest campaign of Mr. Lloyd George's political life—the fight for the Budget and against the usurpation by the House of Lords of the rights of the Commons and the alternative proposal of Tariff Reform which the Peers offered to the people. The speeches are good examples of his essentially popular style. In his vivid presentation of political and economic theory his language is often colloquial, but at times, especially in his perorations, there occur passages of real poetry which are not the less beautiful or effective because they are simple and unpretentious in their form.

THIS is the largest political meeting that I have addressed in the Carnarvon Boroughs. With the weather quite unpropitious in the depth of winter, here we have this huge crowd of, I am told, ten thousand people drawn from all parts of the country.

We are here to consider the gravest political crisis that has arisen in either your day or mine. It is not due to one event, but to a series of events. For the first time in the history of this country a financial provision made by the Commons of this country for the services of the land has been rejected by the House of Lords. That in itself is enough to create a grave situation, but the rejection of the Budget is simply the culmination of a series of similar acts on the part of the same Assembly. What has happened—not merely during the present Parliament, but during every Parliament, at any rate for a century? Liberal measures undoubtedly demanded by the vast majority of the people, put forward by men elected by a majority of the people, after careful consideration by the representatives of all the people, one after the other are either rejected or mutilated by a House with no responsibility to any one, not elected by any one. Now, when Tory Parliaments are in power there is no difficulty in getting Bills through. Measure after measure, never demanded by the electorate, with every indication that the majority of the people were opposed to those particular measures, are passed without question, without challenge, without demur, and almost without consideration. Why is this? They say, "You have set up an impartial judicial tribunal which weighs in the balance every measure submitted to it, and if they find it wanting they reject it; if the measure is not up to a high standard they reject it."

What would you say to an inspector of weights and measures, who, when examining the measures and weights submitted to him by the tradesmen in his district, passed them as correct and without any question if the tradesman happened to be his friend ; but if the tradesman happened to be his enemy either condemned the weights and measures or added some baser metal to bring them up to his own peculiar standard ?

The Lords say, " We have not rejected your Bills ; we are only referring them to the country." Let us examine that, because you will hear a good deal of it in the course of the next few weeks, though you will not hear much about it afterwards. It is a claim that does not bear examination. What does it mean ? Follow the subject in the light of what has happened during the present Parliament. During the first Session of this Parliament two great measures passed from the House of Commons. The first was the Education Bill. No one can doubt that the principles of that measure had been submitted to the judgment of the electorate. It was rejected by the House of Lords. What was the second Bill ? The second Bill was the Plural Voting Bill, better known as " one man one vote." That was also rejected. Those are two Bills which have been unquestionably submitted to the electorate, and both were rejected in the first Session of this Parliament.

What is the claim of the Lords ? The Lords said, " We did not reject them ; we simply referred them to the people." Very well ; suppose we had taken them at their word. There would have been a dissolution in the first Session of Parliament. In our second year we dealt with two great questions upon which the Scottish electorate were unanimous. One was the Scottish Small Landholders Bill, and the other was the Scottish Valuation Bill. Both these Bills were rejected. You would have had a second dissolution—two dissolutions of Parliament in two years, if the claim of the Peers is to be admitted. Now we come to the third year. The third year we had a Licensing Bill. What happened ? That was thrown out. A third dissolution of Parliament would, therefore, have been called for. We come to the fourth year, and the Finance Bill is thrown out. A fourth dissolution of Parliament in the course of four years !

Do the Peers really think the people of this country are fools ? This is not a reference to the people ; this is a refusal. It means that whenever a Liberal Government happens to come into power there must be annual Parliaments, and whenever a Tory Government comes into power, then the Septennial Act is to work. This is not holding the balance even and fair between the parties in this country. This is a demand which is absolutely intolerable. They carry it further than that. They say, Not merely must you refer a question to the people, but it must be the only question referred to the people at the election. Consider what happened to the Education Bill. The main principles of that Bill were undoubtedly submitted to the electorate—popular control, the abolition of tests in all the public schools in the land. The Bill was carried through the House of Commons ; it was sent to the House of Lords. What did they say ? They said : " But this was not the only question referred to the electorate ; it is perfectly true that you had a discussion about this, and the Liberal

leaders appealed to the electors upon it ; but you had in addition to that Chinese labour."

Mark what that means. It means that if we refer more than one question to the electorate they will not recognise any mandate upon any of them. This is making a mockery of the democracy. It is making progress impossible. The Lords will succeed in accomplishing their object unless we put an end once and for all to their mischievous work. The Liberals have shown unutterable patience for years. This is the time for us to strike, and we have done it. They have thrown out the Finance Bill. It is a most serious act, I think, on the part of the House of Lords, to dislocate the finances of the year. They have done it because they say that this is an unprecedented Bill. Well, of course, every new Bill is an unprecedented one. There would be no need of a Bill at all unless it was different from every Bill introduced and carried. They said : " This is so revolutionary, this is so drastic, and, above all, it is so Socialistic."

Let us examine that contention. Let us see what justification there is for it. What are the great taxes which are comprised in the Bill that I introduced on April 29 ? The first was the increase in the income tax on earned incomes of £3,000 a year and on unearned incomes throughout to 1s. 2d. A 1s. 2d. tax was the first proposed, and in the House of Commons that was not challenged. It went through without a division, after a speech by Mr. Balfour. If such a misfortune were to happen that there should be a Tory victory at the next election, they would have to reimpose a 1s. 2d. income tax. There is no difference between them and us on that question. There is no Socialism in that. There is no robbery in that. That, at any rate, is an honest, downright attempt to take 2d. from other people's pockets and put it into the purse of the State.

What was the super-tax ? It was a tax of 6d. in the pound. I want you to understand that—it was 6d. in the pound on incomes of over £5,000, but deducting the first 3d. That is rather an ingenious arrangement. It effects a graduation. The man who has £6,000 pays 3d., the man who has £7,000 pays 3½d., and up it goes until you get to the man who has £20,000 a year, and then you get nearly the whole 6d. It is a graduation.

The first time that principle was introduced into the House of Commons the Tories challenged it, but after six months' debate, the last time it was brought up, Mr. Balfour, on behalf of the whole of his party, withdrew his opposition. That shows that the longer you examine my taxes the more reasonable they become. At first they opposed them. There was robbery, there was also theft, and the taint of Socialism. But after months of examination, and debate, and scrutiny, they said : " These are all right " ; and they went through without a division. But when the taxes reached the House of Lords, then they had something to say about them.

Let us examine the taxes again. A man who gets £20,000 a year is called upon to pay 6d. towards the unquestionable needs of the country. You want something for defence. They themselves clamoured for it. They have got the goods, and will not pay for them. What does £20,000 a year mean ? If you take all the working days of the year and give the man who earns it a month's holiday, it means £70 a day. Is it unfair

that a man who is so lucky, so fortunate as either to inherit that great income or to possess the brains and the gifts, given to him from on high, that enable him to make that great income, should be asked to give 6*d.* in the pound out of his fortune for the purpose of defending his native land, and to pay something for the wretched and the miserable in our midst?

Let me say this, it is not the men who earn their wealth that grumble. I know many of them; I never heard one of them complain that he was called upon to pay—never one of them. Every one of them has told me he thought it a fair and reasonable thing. It is men who never earned a copper of their wealth that complain. But they say, "Ah! what we object to is not paying, but letting the Income Tax Commissioners know how much we have to pay upon." Of course they do. Who would not be glad to avoid the Income Tax Commissioners? It is wonderful what a difference it makes as to who asks questions about our means. We generally like to give the impression that we are doing rather well, all of us, except to the income tax assessor. We are so modest to him; we are not doing very well; trade is very bad, and it is getting worse. We do not like him to inquire too much into our circumstances, especially if we have £20,000 a year to pay an extra sixpence upon.

What these noble lords forget is that every tradesman in the land has to make an account. Professional men have to make an account. Why should not they? Why exempt a man from rendering an account of his taxable property purely because he has one man to fix his collar and adjust his tie in the morning, a couple of men to carry a boiled egg to him at breakfast, a fourth man to open the door for him, a fifth man to show him in and out of his carriage, and a sixth and a seventh to drive him? All men for whom the community provides such privileges as these ought really to pay for them. All we say is that we want to treat such a man no worse than either professional men or tradesmen or workmen. We want equal rights for all white men. Where is the Socialism of it? It is simply fair play and equal treatment.

I propose also to put up the death duties. What does that mean? It means that where a man has been enabled, owing to the protection which the law gives him, which the organisation of society in this country affords him, which the security afforded by our Army and Navy has extended to him, to accumulate a large fortune and to transmit it to a second generation, there shall be a toll paid at that stage by the man who receives. That is a principle which comes down from the days of the Roman Empire. It was extended by Mr. Pitt in this country, by Mr. Gladstone, by Sir William Harcourt. I have come on with my little contribution.

What have I done? A man who leaves up to £5,000 I have not touched. More than that, I provide just a few little relaxations in the scale. For instance, where a man has got a mortgage on his property, and two or three modifications of that kind, so that he leaves under £5,000 of property on the whole, I rather improve the position. That covers a vast multitude of people in this country. Up to £20,000 I have only increased the duty very slightly. From that point, it is true, I do increase the scale until I get up to the millions. If there are any millionaires here I have no doubt

they are feeling particularly sore with me at the present moment. Now, let us see. You know they talk in the House of Lords as though it were a very common thing for a man to leave thousands to his children in this country—as though every workman in the land left anything from £5,000 to £50,000, and as though every tradesman left from £100,000 to a million, the poorer amongst us leaving a hundred thousand, and those who are better off leaving something in the neighbourhood of a million. They do not know the condition of things. It is not a question of thrift. They talk as if we were taxing thrift. Not all the thrift in the world will enable a man to accumulate a million, and beyond a certain point most of the wealth of this country is accumulated a good deal by luck. The assumption that when a man accumulates riches it is a proof of superior and superlative virtues, and that when a man dies poor it is, on the other hand, a proof that he has not been a very well-conducted citizen is true neither in history nor in fact.

There were death duties in the Roman Empire, I am told, in the early days of the Christian era. I do not believe that the Apostles had to pay much, except in respect of one of them, and he, I believe, spent his life dabbling in finance. All we say is this, that if a man is lucky enough to be able to leave millions no one suggests that they should be taken away, but that he ought to make a contribution towards providing for those who have been less fortunate in the battle of life.

Consider the other taxes. I have two more taxes to deal with, but I am afraid that the heaviest tax of all is on your patience. What about the licences? I am told that these taxes are vindictive, oppressive, and grossly unfair. Let us examine them. What does a licence mean? A licence is a monopoly granted by the State to a certain privileged, selected trader. A draper does not pay for a licence, but suppose that in the year 1828 the State said: "We must limit the number of drapers in this country," and they chose a comparative few, making strict provision to limit the number of drapers, and protecting them from competition. Supposing that during the last 10 or 15 years there had been a steady diminution in the number of drapers, and that the State passed another Bill in order to bring about a still greater diminution. Do not you think that the drapers would have been very pleased to pay a licence which would guarantee them against competition? It would be a valuable commercial asset for them. A licence is a valuable asset, created by the State, and there is no injustice in the State demanding a fair and adequate return for a property which it created itself by its own acts. Let me say another word about licences. By my proposals we are charging 50 per cent. of the rent. Do you know that when you come to the smaller public-houses they are paying 50 per cent. now? Why should it be fair to charge the small public-houses 50 per cent. without its being called confiscation and Socialism, and not fair to charge the big public-houses 50 per cent.? It is the same old vicious principle of graduation the wrong way, graduation against the poor man. A big public-house does not pay in proportion one-twentieth of what the poor village publican pays. All we say is that what is fair to the village publican is equally fair to the great gin palaces of the cities.

We now come to the land taxes. What are the proposals of these taxes? The first is this, that the owners of land should pay on its full real value. And when they talk about us exempting agriculture, the reason why we have done it is that the owner and occupier pay on its full value at this moment. You come to land in the neighbourhood of a town, and very rarely can you get land even upon a tenth part of its value. There is no justice in it, there is no fairness in it. And you must remember this, that the value of land in the neighbourhood of a town has been created by the industrial growth and energies and efforts of the inhabitants of the town themselves.

What is the second principle of the land taxes? It is that when land grows in value, not owing to any expenditure by its owner, to any capital invested by him, to any improvements effected by him, but purely to the growth of the community around, then one-fifth of the increased value shall go to the pockets of the community that created the whole of it.

What is the third tax? We have in this part of the country the leasehold system, which is a truly vicious system. What happens when a man takes a piece of land to build upon it? It may be land for which at the time the owner may be only getting a few shillings. A man builds upon it, and the rent immediately goes up by leaps and bounds to as much as four, five, ten, and fifty times, and sometimes—I can give you cases—a hundred times the previous value of the land, solely because he has built a home for himself upon it. He gets a lease for 60, 70, or 80 years. Year by year the value of that land and house passes out of the hands of the man that built it, who sweated for it, who raised money for it, into the hands of the man who never spent a penny in erecting the house. What do we say? We say the country has need of money, and we are looking out for somebody to tax. We do not want to tax food, we will tax no man's raiment, we will not tax the house that shelters him and his family—what shall we tax? We do not want to tax industry, we do not want to tax enterprise, we do not want to tax commerce—what shall we tax? We will tax the man who is getting something that he never earned, that he never produced, and that by no law of justice and fairness ought ever to belong to him. So when that lease expires and the landlord comes in and seizes that house he has to give 10 per cent. to the community upon it. Well, they say that 10 per cent. is robbery; I do not know what name they would give 50 per cent.; but the landlord takes 100 per cent.; we only take 10.

If you can stand me a little longer, let me take my first proposition, that we are simply charging the landlord upon the real and not the nominal value of the land. I cannot do better than give you one or two cases, one or two concrete illustrations. How they loathe these cases; they think facts are so vulgar, so common—it is so rude to mention them that I really must apologise for giving you a few facts. There is a very fine old castle in South Wales; it is now in the hands of a Scotsman called the Marquess of Bute. It is a magnificent building; it is the Marquess of Bute's South Wales residence. It has over a hundred acres of land—invaluable land in the heart of Cardiff. If you were to sell that land, I will not say you

would get enough sovereigns for it to cover it, but you would get an enormous price for it. Well, that castle is now rated, with all that invaluable land, at £924 per annum. Next door to this castle is a tailor's shop; on a site of some eight or nine hundred square yards. The castle and its ground occupy 500,000 square yards. The tailor's shop is rated at £947. £924 for this gigantic castle, with its magnificent grounds in the heart of one of the most prosperous cities of the Empire; next door is this small tailor's shop, rated at £23 higher every year. Well, now, nobody wants to take that castle away; that is not the proposal. Nobody wishes to confiscate the property of the Marquess of Bute. But the tailor has to pay full value on his premises.

I could give you other cases, but you can multiply from your own experience, your own observation, your own knowledge. You can compare the way in which the tradesman is assessed in any town, great or small, for his premises with the assessment which is placed on some great baronial castle or residence in the neighbourhood. You find that the tradesman has often to encounter very hard times, and he has always to pay. He has to pay the wholesale man, he has to pay wages, he has to pay the taxgatherer, he has to pay the rate collector, and he has to pay the ground landlord, and, it may be, he has to pay the mortgagee. At any rate, he has to pay promptly, he has to pay on the nail, and very often he has to deal with people who have not the same ideas of promptitude and punctuality as his creditors have. A large number of tradesmen are above this anxiety, but they have passed it on their way. No tradesman I have ever met objects to pay his taxes, whether Imperial or local, his fair share, but he objects to pay somebody else's share, for that is what happens here as long as you allow it. What we want is equal treatment for all.

As an illustration of the increment duty, I will take an example from this town. You had a demand here a short time ago for land for the purposes of a cemetery and a new school. The land which was wanted for the cemetery was rated at £2 an acre. What did the landowner ask for that land? He wanted £847 per acre. Two pounds an acre at 25 years' purchase would bring us £50; the demand put forward was £847. There are two things in this Budget concerning that—namely, that if land is worth £847 it should be taxed upon that sum, and not upon £50. If land goes up in value so rapidly in the neighbourhood of towns, if land worth £50 goes up to £800, the community which creates that value should get one-fifth of that increment for public purposes. You had a demand for a public school and wanted land for that purpose. The sum asked in respect for that land was, I think, about a thousand pounds an acre. The "Times" to-day—poor old "Times," it is getting more "Daily Maily" every day—says I propose to confiscate the land of the people, to tax them out of their land. The fact is I only propose that the tax should be upon the real value, and not the nominal value; I only propose that where there is increment in the value which is entirely attributable to the industry of the community and not the industry of the owner of the land, at any rate the community should have a share of it. That is a proposal that is in existence at the present moment in some of the greatest commercial cities of Europe, but

no one calls it Socialism there. It has not been carried by the Socialist party; it has been carried by the great leaders of commerce, of trade, and of industry in those cities, and it is perfectly just. Those are some of the taxes.

I will give you an illustration of my last tax of all, and a very good one too. It is the reversion tax. This illustration reached me only yesterday; it refers to the trust deed of a Calvinistic Methodist chapel, and since the monthly meeting vouches for it it must be all right. There is a little chapel that was built down in the Gower peninsula by the Calvinistic Methodist body. It was built many years ago, and it will be of interest to you to know that one of its first ministers was the late Mr. Wyndham Lewis. It is a very small chapel, and did not cost much to build; but the principle is just the same. It cost about £150. It is a poor neighbourhood, and for years and years, week in week out, they contributed their coppers just to pay the debt of that little chapel, to keep it going and to paint, decorate, and renovate it when necessary. But they had only a lease upon it. It was a lease on miserable hill land. The whole freehold of the land was not worth more than a few shillings. A short time ago that lease came to an end, and they thought it might be renewed. Not at all; the trustees were told that the chapel belonged to the landlord, and they had to buy the chapel back from the landlord—a chapel they had built with years of sacrifice they had to buy back. They had to pay £150 for the chapel. They paid for redeeming the chapel site £150. To take that chapel from them, I suppose, is not robbery. It is not confiscation when the landlord stipulates by that document that the whole fruit of the labour of generations of members of that little church passes at a certain time into his possession. Well, that is property, that is law; but when I come along and say to that landlord, "Here, the State wants money to protect you and your property, your mansion, your rights, your privileges—we want money to protect you. You must pay £15 out of that £150," they say "Robber."

Well, I venture to say that every tax in the Budget is a fair one, a just one; but I tell you what they object to. It is the valuation. How can you go to a town council whenever a town council wants land for a school, a cemetery, a waterworks, or a gas works, or for some other public purpose, say, for small holdings, for houses for the working classes—how can you go to that town council and say that land is worth a thousand pounds an acre when you have already made a declaration to the valuer that it is not worth £50 an acre? You cannot do it. There is a man who will go round all this land and will say, "How much is it worth? In my judgment it is worth (let us say) £300 an acre." The landlord will come down and say, "No, it is not worth £100." The matter will be settled by a perfectly impartial tribunal; there will be an appeal against that tribunal, and the ultimate Court of appeal may say that it is worth £200 an acre. By-and-by that land will be wanted, it may be to build houses for the working classes. They will go to the landlords and say, "This land is worth £200 an acre." He will say, "Good gracious; it is worth £1,500 an acre." How can it be? It is all registered. And if he does say that it is worth £1,500 an acre, and if he proves that it is worth £1,500 an acre, then that means that

that land has gone up from £200 to £1,500, and that it has increased in value by £1,300. Who created that difference? You will go to the landlord and say, "Did you make it worth £1,500 when it was only worth £200?" He will say, "Yes." We will say, "What have you done to it? Have you improved it in any way; have you done anything to increase its value?" And if he cannot prove that he has improved it we will then say, "There is an increase in the value of £1,300 which is due to the community, and we will take a modest 20 per cent. of the increase."

We are going to get at the real value of land. A good deal hangs on that. Each successive Parliament adds to the number of objects for which land can be compulsorily acquired. We have added housing, small holdings, roads for opening up the country, afforestation, experimental farms. In future, when we get valuation, we will pay, not fancy prices, but the real value.

These are the taxes, these are our proposals. What do our opponents object to? Where is the Socialism, injustice, and wrong? Where is the oppression? Where is the unfairness of it? Do they object to what we are spending the money for? They do not complain about our building Dreadnoughts; they want more, but they want some one else to pay for them. Do they object to pensions? What do they object to? Is it unfair to raise money for these purposes?

We are imposing no burdens upon the earnings of any working man. The vast majority—I am sure the whole—of the middle class of this country escape additional burdens. We put no burden upon the necessities of life of any one. We are taxing the surplus. We are taxing the luxuries. If a man has enough after maintaining his wife and family, and can spare something upon whisky and tobacco, why should he not afterwards contribute towards the pensions and defences of the country? No; we are raising money by means that make it no more difficult for men to live, we are raising it for making provision for hundreds of thousands of workmen in the country who have nothing between them and starvation in old age except the charity of the parish. We propose a great scheme in order to set up a fund in this country that will see that no man suffers hunger in the dark days of sickness, breakdown in health, and unemployment which visit so many of us. These schemes for the betterment of the people we shall get some day. We cannot get them without effort, and they will not be worth getting without effort. Freedom does not descend like manna from Heaven. It has been won step by step, by tramping the wilderness, fighting enemies, crossing Jordan, and clearing Jebusites out of the land. I do not regret that we cannot obtain these blessings except by fighting. The common people have taken no step that was worth taking without effort, sacrifice, and suffering.

I cannot pretend to regret this conflict with which we are now confronted. It is well that democracies should now and again engage in these great struggles for a wider freedom and a higher life. They represent stages in the advance of the people from the bondage of the past to the blessings of the future. Those who dread these political convulsions, who apprehend from them nothing but destruction and danger, have read their history

in vain. The race has nothing to fear except from stagnation. Against our will, we have been precipitated into this tumult. For all that, we mean to win our way through it to a better time. The people may not secure all they seek, but if they bear themselves manfully they will achieve other ends they dare not even hope for now.

Yesterday I visited the old village where I was brought up. I wandered through the woods familiar to my boyhood. There I saw a child gathering sticks for firewood, and I thought of the hours which I spent in the same pleasant and profitable occupation, for I also have been something of a "backwoodsman." And there was one experience taught me then which is of some profit to me to-day. I learnt as a child that it was little use going into the woods after a period of calm and fine weather, for I generally returned empty-handed; but after a great storm I always came back with an armful. We are in for rough weather. We may be even in for a winter of storms which will rock the forest, break many a withered branch, and leave many a rotten tree torn up by the roots. But when the weather clears you may depend upon it that there will be something brought within the reach of the people that will give warmth and glow to their grey lives, something that will help to dispel the hunger, the despair, the oppression, and the wrong which now chill so many of their hearths.

SPEECH ON
FREE CHURCHMEN AND THE HOUSE OF LORDS

Delivered in the Queen's Hall, December 16, 1909

I AM not here to-night as a Liberal Minister ; I am not here as a member of a political party ; I am here, like your chairman, as a quiet and retiring Free Churchman, but not a very silent one.

I am here to take counsel with my fellow-members of the Free Churches as to what we ought to do in the gravest crisis which I think has befallen the Free Churches in your time or in mine.

Why should this crisis be peculiarly one which affects the Free Churches ? It is perfectly true that as citizens of the Empire they are affected by all the great political questions which are in issue in this election ; but it may be said that they are not more gravely or injuriously affected than any other section of the citizens of the country. Finance affects them as citizens, but why should it affect them as Free Churchmen ? Free Trade affects them, but not as Nonconformists. The small loaf is no smaller on a Nonconformist table than on the Church table ; and I do not think that German horseflesh would be more palatable to the Church party than to the Nonconformists ! Why, then, do we know this to be a crisis affecting Nonconformists especially ? It is because it raises graver and deeper and wider issues than either finance or trade. The Free Churchmen of this country once fought the greatest battle and won the noblest triumph ever achieved for religious liberty in a struggle over finance, over a question of supply. It was their battle. They fought it for the freedom of conscience in a conflict which involved the right of the Commons to be the sole guardians of the Supply of the Kingdom. That situation has been reproduced. We fought not merely for the rights of supply, but, as the chairman has indicated, also for the freedom of conscience in our schools. I do not propose to enter into an examination of all the grievances of the Free Churchmen. I would rather, in the course of the time placed at my disposal, proceed to a calm examination of the general situation as it affects Nonconformists in this land.

What is our grievance ? Our grievance is not merely the grievance of the school in England and Wales. It is not merely the grievance of the Church in Wales. Our grievance is this—that our case, whatever it is, is examined by a prejudiced tribunal.

Whatever grievance Nonconformity may suffer from, whatever injustice

it endures, whatever its claim, whatever its petition, it has to bring it before a tribunal which is essentially biassed, one-sided, prejudiced—that is our grievance.

Parliament is well called the High Court of Parliament. Why? It is the highest Court in the land. It sits in judgment, not to administer laws; it sits in judgment on the law itself. It is the only tribunal that can do that. It examines the law. The law is brought before it. There is a petition from the subject against that law. Parliament sits in judgment to examine whether that law is a righteous and fair one. I say it is essential that so high a Court, so exalted a tribunal, shall be free from any suspicion of bias or partiality or unfairness. And my contention as a Free Churchman is this, that the Lords are a biassed Court, sitting in permanent judgment upon the rights of millions of Free Churchmen, who have not a shadow of a chance of getting equal justice from them. I say that is a serious indictment against such an essential part of the Constitution of the realm as its law-making machinery must necessarily be, and I do not think it is a charge that ought to be brought without very substantial justification for it, and I propose to give the grounds upon which I justify it.

My contention is this: that if there is any class of the community that is entitled to a special claim in this respect, it is the Nonconformist.

Look at it from a purely material point of view. The Nonconformists constitute some of the very best citizens of the land; the honest, industrious, thrifty, sober working men, the most capable business men of the land. Supposing any statesman were to find that this land were overcrowded, and that in order to enable us to gain a living here at all it were necessary to expatriate, say, five millions of the population—supposing such a thing were possible, no real statesman would begin with the Nonconformists. I will tell you why. What would happen if he were to expel Nonconformists? He would find that most of the mines of this country would be closed. He would find that there would be whole areas of land absolutely uncultivated—there would be no agricultural labourers and very few farmers. The factories would be almost derelict; in fact, the whole business of this country would come to a standstill. It would be worse than the year after Tariff Reform! These are citizens who are essential to the prosperity and the well-being and the very life of this community.

But it is not merely that. Our very Constitution, everything that is best in our law, in our jurisprudence, in our Constitution, is attributable to the effort and to the sacrifice of Nonconformists.

Hume, no very partial historian to Nonconformity, admitted that the country owed its very Constitution to the struggles of the Puritans. Freedom, the greatest triumph of civilisation, was won in this country by the Free Churches. And if there is perfect freedom in this land for any man in any place of worship, it is because its doorposts and its lintels are sprinkled with the blood of the Nonconformists.

What do we claim? Fair play. Nothing more do we ask; nothing less will we take. Do we get it? I would appeal not merely to Nonconformists, but to any fair-minded Churchman; what defence has he got

or answer for the position in the villages of England and Wales? Eight thousand villages! One, one school—only one school possible. If you duplicate the schools you destroy education, and, of course, you double the burden on the community, whilst at the same time you diminish that portion of the efficiency of education. You might have imagined that in a case of that kind every Christian community would be prepared to make some sacrifice; to give something up to you in a brotherly, kindly, charitable, tolerant spirit—men of older faith—and arrange to have a common school where all the children could go. We really don't think they would be contaminated. They might very well, at any rate in the villages, manage to pull together. What happens? In these parishes the school is entirely in the hands of one Church; practically managed by that Church, teachers all belonging to that Church, the avenue of promotion for teacherships rigidly closed against every Nonconformist child, however bright he may be. I have been in a school of that kind myself; I was there ten years, and was very well treated by the clergyman of the parish, who kindly offered to make me a pupil teacher on condition that I should leave the Baptist community and join the Church of England. It was offered me in a kindly spirit, and if I had only accepted it I might have been a curate now! That is not religious education. It is the very worst education. I cannot conceive a more irreligious education. It is more degrading than a pagan philosophy to come to a child and say, "I will offer you"—what is, after all, the only avenue to the profession for a poor child—"I will offer you an honourable position in life if you will only sell the faith of your fathers."

In the old days there might have been something to say for it. The school belonged to the Church, and was built by the Church—with the help of Nonconformist subscriptions, it is true!—but at any rate, the responsibility for collecting the money was upon the Church. Still worse, the lawyer, as a rule, was a Churchman, and he took care that the deeds were properly drawn. In those days the burden of maintaining the school was upon the Church. The contribution from the State was a small one. But to-day the schools are maintained by public funds, the teacher is paid exclusively out of them, the books are bought out of the rates, the very desks—which are there not merely for the day-school but for the Sunday-school of the Church as well—are bought out of the rates; the building is maintained out of the rates, and the very cost of cleaning is borne by rates. It is monstrous, in a case of that kind, that all ratepayers, without distinction of faith, should not have the same share in the management of that school.

Well, now, we brought in a Bill. First of all we sought a mandate from the country, and we got it. There is a great deal of talk about the Budget not having received the sanction of the electorate. The Budget is safe at any rate. Why do they object to it? They have no objection to it, except that they want to protect the poor people especially, and they want to be perfectly sure that we all want it. The moment they are sure of that point it will be through. But with regard to Education, there was a Bill the main principles of which were submitted to the electorate. It was discussed on every platform, it was discussed for weeks in the House of

Commons, every candidate was asked questions about it. If it is possible to get a mandate at all for anything, the mandate was secured for an Education Bill on the lines of that introduced by Mr. Birrell. If that mandate was departed from at all in that Bill it was in the direction of securing safeguards for denominationalists which we never pledged ourselves to give, but they have no complaint of that. It is ours, not theirs. What happened? Here is a Bill, so temperate, so moderate, so tolerant even to the denominationalists, that the whole body of the Catholics in the House of Commons voted for it finally. That Bill sent up to the House of Lords is torn to little bits. How can you expect fair play from a tribunal of that sort? We have suffered disappointment after disappointment. It is not our fault. The Liberal Government is not responsible. It has done its best, and it is only the House of Lords that stands in the way. Look at their general record in their treatment of Nonconformity. Can you think of any Nonconformist measure that has ever received fair treatment at their hands?

I cannot think of any Bill promoted in the interest of the Church of England ever rejected by the House of Lords—not one. I am not complaining of that, mind you, not at all; I cannot think of any Church of England Bill ever amended by them except one, and that was amended in the interests of the Church—the Education Act of 1902. They amended it to give more money to the Church, and then they infringed the privileges of the House of Commons. Now they are infringing the privileges of the House of Commons by denying our rights, they are infringing the privileges of the House of Commons in order to extend the rights and privileges of their own denomination. That is their record with regard to Church Bills. What about Nonconformist Bills? I cannot recall a single Nonconformist Bill ever sent up to the House of Lords which was not either rejected altogether or amended to the detriment of Nonconformity—not one. And it must be remembered that these Bills were sent up by a House of Commons, the majority of whose members are Church of England people. Yet look at the Bills the Lords have rejected time after time, time after time, till we are weary of asking—generations passing away, and when they eventually granted them as a result of agitation, turbulence, obloquy, it was done in a way perfectly graceless and grudging; they amended, and you can see now the finger-marks of the culprit on those measures to this day.

Some of the Bills they eventually carried after years of pressure were Bills which you would not get a Tory now to deny the justice of. Take the admission of Nonconformists to the Universities. There is no man so insane in this country as to get up and propose that you should reimpose those tests, and yet for years those tests were defended, those tests were maintained on grounds of high principle by the House of Lords. You might have imagined that the moment those tests were removed the whole fabric of society would be underpinned. Justice is impossible with a House of Lords constituted as at present—and I will tell you why. It is too one-sided an assembly. It is drawn too much, as Lord Salisbury himself admitted, from one class, one faith, and one order. If you get a very Tory House of Commons, men who are thoroughly biassed against Noncon-

formity, there is always one corrective. There is the knowledge that there are a million Nonconformist voters that have to be reckoned with—a very valuable corrective for bias, for prejudice, and for any desire to do injustice to Nonconformity. But that does not apply to the House of Lords. On the contrary, they are not responsible to any one except of their own class, and perhaps to their own party machine. Now look at its constitution. Who are they? You have got first of all the bishops there—the leaders of one Church. I have not a word to say against them. Some of them have behaved extraordinarily well—I mean for them—over the Budget—actually five out of twenty-six voted for a Budget imposing taxes on the rich! Well, that is an extraordinary record, and let us frankly admit it. One Archbishop actually voted for it, and the other man at any rate had the grace to stay at home. But there you are. They are representatives purely of one Church. All the other great Churches of the land are quite unrepresented—the Church of Scotland, the Free Churches and the Catholic Church. You have four or five hundred laymen of the same Church. You have only two or three Nonconformists there. I am not sure that there are as many, but you have ten times as many pagans, I believe. But at any rate, suppose you reverse the order of things, and instead of being members of the Anglican communion, suppose they had been members of the Free Churches. Suppose, instead of twenty-six leading divines of the Anglican community, you had twenty-six of the chosen ministers of the Free Churches—the Archbishop of Westbourne Park, for instance, and a Bishop of Birmingham in the person of Rev. J. H. Jowett. Do you think the Church of England, with 400 or 500 leading Nonconformist laymen there, would feel the same confidence in the hereditary principle as they do at the present moment? Ah, what democrats that would make of them!

The Lords are bound in the very nature of things to have a prejudice against Nonconformity. Among themselves they do not deny it. I am not one of those who say they are monsters. On the contrary, I regard them as ordinary human beings, with just the ordinary prejudices of their class—social, theological—those who have got theology—political, just like any other persons. Now I say they are bound to be prejudiced on all these grounds against Nonconformity.

I see that Lord Curzon has been championing the hereditary principle and quoting a great agnostic writer with approval. He states that civilisation has been the work of aristocracy. That is not the view of Nonconformity. We are of the humble belief that the carpenter's Son of Nazareth had more to do with it, that the Galilean fishermen had far more to do with what is best and highest in our civilisation. Let me say it with reverence that the heaviest swell among them was purely an exciseman. No aristocracy there, and yet civilisation owes its best and purest to them. But how does the aristocracy regard the Churches that preach that especially? Go through rural England. I have had a good deal of motoring. There is this advantage in motoring—you see the country for the first time—what the country is before mines are opened and factories set up, and the country that will remain after probably the last ton of coals has darkened the atmo-

sphere. It is a beautiful country. I know my own little country of Wales. I know its grandeur, but I had not observed England closely before my motoring experiences, and, I tell you what you all know—it is one of the most exquisite of the works of the Great Architect. What strikes me in the landscape is this. On the one side you see the great baronial castle and the stately Elizabethan mansion, and on the other side a little red-brick building with a word on a board, either "Methodist" or "Congregationalist" or "Baptist." One thing you may be certain about, and that is that the little chapel is the only place in the village that will stand up to that castle. All the men in the village who would decline to cringe, they are there. Those little buildings—unsightly sometimes—they are the sanctuaries and citadels of village independence. Do you think the Peers love them for that? Why should they? Why, I believe in their hearts they put Primitive Methodists and poachers in the same category, as people whom they would rather see living on the neighbouring estate. Those little chapels are there to fight for the rights of the people, and they do it.

Let me give you a little experience in my own country, which is a Nonconformist country. There is no man who is more disposed to pay respect to the good old county families than the Celt, and if he has quarrelled with them you may depend upon it it is not without cause, and it is not without patient, long-suffering experience. But he has done it. In the old days you could in an election tell what was going to happen by simply asking for the list of the landowners, and by going through it, and saying, "Squire So-and-so is a Tory—300 tenants. Put 300 down, please. Lord So-and-so is a Tory. He has 1,000 tenants—Tory. Squire So-and-so, he is a Liberal. He has 100 tenants. They will vote Liberal." It was regarded as almost the tenure of the land that a man should vote with his landlord. A man's political convictions, in the jargon of the lawyers, were covenanted with the land, and when some of the great Nonconformist fathers of Wales first hinted that that was bondage, the landlords regarded the suggestion that the tenant should vote according to his conscience as confiscation and robbery. It was taking away their property.

Who freed the political slaves in our country? Nonconformity. How did they do it? Not by preaching politics—no. But they restored to the man the mastery over his own soul—made a man of him. It is like the Japanese altar I saw a picture of the other day. There was a tree that had struck its roots under the altar. As it grew and expanded and spread its roots in the cracks and crevices it gradually demolished it, and it was ruined. That is what has been in our country. The seed was sown under the altar of Feudalism. It grew and expanded and struck its roots, and the altar is now a ruin, and the deities have left it there. Do you really expect these men to remove obstacles in the way of the expansion of that tree? No, they would rather cut it down. That is why I say they are biassed against Nonconformity. They are bound to be biassed. Nonconformity stands up to them, fights them in their native lairs, and therefore they are not likely to give it a fair hearing. The "Times," I think, talks about the House of Lords as a jury. All I say is if it is a jury we challenge the panel. It is a biassed jury. It is not a fair jury. It is not properly

summoned. It is not properly constituted. Nonconformity has no free access to it. It has no champions there. It has no hearing there. Judgment goes against it by default. We have the right to demand justice from the highest tribunal in the land—and we mean to get it, too.

But we are not merely interested in our own grievances ; we are interested in the great social questions referred to by the chairman, and I think one of the finest incidents in the history of Nonconformity is the way in which Nonconformists, eager to get settlement of their wrongs, were ready to postpone them when the Liberal Government undertook to do something to protect the poor drunkard. Like Sir Philip Sidney stricken on the battlefield, sorely wounded, they were quite prepared to pass on a glass of water to a poor, stricken, wounded wretch, lying more sorely distressed than they. It was one of the finest incidents in the history of the Free Churches. What did the House of Lords do ? Here is a Bill demanded by all the Churches of the land. Nonconformists ? Yes. Established ? Yes. Catholic ? Yes. All the Christian Churches of the land unanimously prayed Parliament to grant this protection to the poor drunkard's home and hearth. What did they do ? At the behest of a great but powerful Trade they flung it out. Ah ! but there is a sad lesson in it. Are they more powerful—is that Trade more powerful—than all the moral and spiritual agencies in the land ? If it is—if it is !

I was reading the other day an old sermon delivered 200 years ago, and I was struck with this sentence ; “ The true reason of the great wrong in the world is because we maintain an army against the devil of whom he standeth not in awe.” Here is all the army—regulars, territorials, militia ; they are all there. And it stands up to their bidding but fears them not. This election will prove whether this country is to be dominated by the drink traffic or by the people. There is untold wretchedness and squalor around us in this land, and, unhappily, in every civilised community. Read Charles Booth—and many of you have done it—his account of the mean streets of some of the London slums is like a supplement to Dante's “ Inferno.” The very poor lead lives under a firmament of leaden despair, unbroken by a gleam of joy. Yes, lives where the fumes of alcohol constitute their sole substitute for hope. Have the Free Churches, have all the Churches no responsibility for these people, too rigid to murmur, too feeble to cry for help ? I say to the Churches of the land, with this misery oozing around their stateliest temples, that unless they can prove that they have spared no sacrifice, no effort to avert, to dispel it, and to cleanse the land from the greed and the oppression that cause it, then the responsibility must ever be on the altars of their faith, and upon the bared heads of those who bow before them.

SPEECH ON
THE PEERS AND PUBLIC OPINION

Delivered at Walworth, December 17, 1909

YOUR chairman (Captain Cecil Norton, M.P.) has a splendid record in the service of the Liberal party. His complaint and mine is that after about four years' hard work in the House of Commons carrying out your mandate we find the whole of that work destroyed by an absolutely irresponsible assembly.

He comes down to you at the General Election to find out what you want, what you are in need of. He makes a note of it, goes up there to carry out the orders, collects the goods together, intends to bring them back; and here comes in the House of Lords and flings them into the street on the plea that they understand much better what you want than he does.

That is the question which you have to decide here, and which has to be decided in every constituency throughout the land—whether the people of the country are going to make their wishes known through their elected representatives or whether they are going to depend upon the House of Peers.

Who are the representatives of the people? They are men who first of all have to come down before the constituency and explain their views fully to them. Generally they visit them from door to door and make themselves acquainted with their views personally face to face; they are cross-examined and heckled; they have to explain fully what they are prepared to do if they are returned. At the end of five or six years, if they have not done it, they are called to a reckoning—to face the men to whom they have given their pledges and to give an account of their stewardship; and if they have fallen short in the slightest particular they are called to account. That is the position of a Member of the House of Commons. He is dismissed unless he actually carries out the pledges he made to his constituents.

What about the House of Lords? How do they ascertain the wishes of the people? Have you seen any dukes about the Walworth Road? Before the Budget was thrown out, did any earls leave their visiting-cards upon you? How do they ascertain the wishes of the people?

Whence the cause of this excessive anxiety on the part of the House

of Lords to ascertain the opinion of the country? Have they always shown this anxiety? Is it hereditary?

I have some recollection of their resistance to the Reform Bills which provided machinery for ascertaining the views of the people, and so anxious were they that the views of the people should not be expressed that they resisted even up to revolution.

Therefore, it is quite a new thing, this extreme anxiety on their part to ascertain the real views of the people of the country. Now, where does it come from? It is rather one-sided. You go to some restaurant, and if you get an excessively polite waiter there he shows you a dish before he starts carving it, in order to ascertain whether it meets your wishes.

I will tell you what the House of Lords does. If the cook is a Liberal one, it insists upon showing the dish and ascertaining the views of every customer before it serves a single cut, until it gets quite cold. But if the cook happens to be a Tory one, it never ascertains the views of the customer. He has to take it. And very often, when he has ordered chicken, he simply gets crow.

I have been struck, during the debates on the Budget, with this new care of the peers for the wants of the people. If they object to paying, it is purely in the interests of the people. They say, "You are putting up the death duties; you are setting up a super-tax; you are taxing land. We have absolutely no objection to paying, but we don't think it is in the interests of the people." If they withhold land from building, it is purely because it benefits the people to keep these spaces open, and if they charge extortionate rents for the land which they let, that, again, is in the interests of the people. It has the effect undoubtedly of crowding them into the narrow streets without air, and without light. But that is in their interest. They are so much more compact. It draws them near together. It is so much more sociable and keeps them warmer in winter. Whereas, if you open out the land and have roomy buildings and plenty of air, just look at the distance between you and your next-door neighbour. With these gardens the wind would blow around you and the sun would spoil your carpets. It is all in your interest, the administration of the land.

It is time we should appreciate this great tender care for us by the Lords. They say, You think we are keeping up these great establishments in the country for our own benefit. Not at all. Purely for the interests of the people. The game laws—look, they say, at the expense, the trouble, the worry we are put to, to keep these going, all to provide employment for the people—gamekeepers, a useful employment for making and keeping together prisons, all in the interests of the people. Well, they will discover at this election that the people think differently.

We have had a great burden cast on us, as your chairman very well put it, owing to the exigencies of national defence. Who clamoured for these Dreadnoughts? I remember a great meeting in the City presided over by Lord Rothschild, in which he demanded that there should be instantly laid down eight Dreadnoughts. Well, we have ordered four, and he won't pay.

There was a very cruel king and taskmaster in the past who ordered

Lord Rothschild's ancestors to make bricks without straw. I tell you that was a very much easier job than making Dreadnoughts without money. We had to get the money. They admit it now.

We had to get money also for pensions, which they did their very best to hold back. Now they are going about the country saying "Nothing farther from our minds." Very well; but why do they object to pay for them? They say, "We don't object to their being paid for, but we think the way you are going about it is not the right way. You should not put it on the land of the country. Why don't you tax food? Tax the food of the workmen's children in order to spare the acres for the landlord's child, so that the workman's spare store to feed his child shall be diminished and dwindled in order that the estate shall be preserved for the landlord's heir." We will have none of that.

But they say it is so much better for trade. When the Budget was brought in trade was not good at the time. Trade is just like the sea. It has its ebb and flow. At one moment you have the flowing tide that carries all before it; then you have the ebb. We had the ebb tide. Undoubtedly there were industries left high and dry. That is one of the misfortunes of the present system, which no man up to the present has discovered a complete remedy for; and it is idle to talk as if it were purely British.

And I say if you are bound to have unemployment you had better have it with cheap bread than with dear bread.

At any rate, the Budget does one thing. It has set aside over a million of money a year for the purpose of providing insurance against unemployment for the workmen of the country. When the Budget was brought in, trade was not particularly good, and they said, "Now you are bringing in a Budget which destroys credit and upsets confidence. Trade is bad now. It will be infinitely worse under this Budget."

That was their story. Let us have the facts. What has happened since then?

Since the Budget was introduced trade has steadily improved, and the extraordinary thing is—I am not claiming the credit for the Budget—that this improvement began as soon as the Budget was introduced.

Trade went steadily up; our imports and exports went steadily up. Before April of this year our foreign trade was going down. We had still the greatest foreign trade in the world, but it was going down as compared with the corresponding month of the previous year.

What has happened since April? Our exports have gone up by ten and a half millions during the period since the Budget was brought in.

What does that mean? I will take Mr. Chamberlain's method of testing imports and exports. He says, "Half of these exports or imports are wages." Very well. That means that if we have exported ten and a half millions more of British goods since April the foreigner has been paying us five and a quarter millions more wages. Oh! this wicked foreigner. That is the way Free Trade taxes the foreigner.

Now look at the employment statistics. Employment has improved so steadily that unemployment at the end of October was less by 25 per cent. than it was in the October of the previous year. I do not say it is



THE CHANCE OF A LIFETIME.

OUR MR. ASQUITH.—“Five hundred coronets dirt-cheap! This line of goods ought to make business a bit brisker. What?”

OUR MR. LLOYD GEORGE.—“Not half. Bound to go like hot cakes.”

(Reproduced by permission of the Proprietors of “Punch.”)

satisfactory, but it has improved. It is getting better, and it is going to improve still more.

There is one fact which is of enormous importance when you come to reckon the prospects for the future, and that is the harvests of the world.

Under Free Trade that will count. We lock no door against the good things that Providence has left for the people.

You know it is important. No country has always a good harvest. Each has its turn, and when there is a drought in Canaan there is always plenty in Egypt. That is the way, through the harvests of the world, you find. One year Russia fails. What then? The Argentine comes in with a bumper harvest. One year Canada has a blight. Then you probably find that Russia, India, or Australia has a good harvest.

That is the advantage of Free Trade. We place the world under tribute. We take the sunshine wherever it comes—the sunshine and the rain that ripen the harvest wherever they fall. Britain gets the advantage of it.

Well, I say the harvests of the world are good this year. That means two things for Great Britain. The first is that next year there will be better trade than ever. The second thing is that the food of the world will become very much cheaper, and with Free Trade we shall enter into the full inheritance of Providence when that year comes.

This is very hard on the landlords. They have been looking forward to a period of bad trade as the result of the Budget, and here everything goes against them. The foreigner, of course, goes against them. Just at the moment when they wanted bad trade this pernicious foreigner comes in and buys ten millions' worth more of our goods. He is always up to some mischief. Ah! never you mind, when the Tariff Reformer comes in he will pay them out for that, though the country starve in the process.

Not merely that. Providence seems to be on our side. On the whole trade is improving. The wool mills of Yorkshire are improving in their trade; and in spite of the Budget the people are wearing tweeds. What they really ought to be wearing is sackcloth and ashes.

But I am not so sure of that. Sackcloth, I believe, is made out of jute, and ashes come out of the coal. That means improving the trade of Dundee and Wales.

So there is absolutely nothing in the contention that the Budget has upset credit, and that it has interfered with trade. On the contrary, trade has improved. After all, these things do not depend on argument. Trust to facts. You may depend upon it these returns, at any rate, never lie. There they are. The Customs every month register the quantity of goods that leave our shores, the quantity of goods that come to our shores, and they are improving month by month, and the latest was the best month of all.

But they say, "Ah, but we have such an excellent alternative if we were only allowed to present it." Well, what is it? I have been trying to find out. Lord Lansdowne made a speech, and he began to say how the sixteen millions were to be raised, and the only concrete suggestion that I could find was this—he proposed that you should tax soda water. A very admirable suggestion! But really has he any notion of how much soda

water is drunk in this country? You know he has an idea that he is getting at the teetotalers in that way! I have heard it said before, so if you don't mind I will answer it now. It was never said in the House of Commons, where you could give an answer.

After all, the object of the Budget is to raise money. Supposing you tax all mineral waters, both manufactured at home and imported into this country! What do you get? A couple of hundred thousand pounds. I wanted sixteen millions. Well, now, it is a sort of delusion under which these gentlemen labour that teetotalers indulge in orgies of soda water, and that every evening they drink quarts of it. And therefore, they say, "Let's tax them."

In the first place, I should say that I find that about half the mineral waters in the country are drunk by people who mix them with something else—judiciously, I have no doubt. I have made some inquiries into this—I can tell you when I was making the Budget I inquired into everything, and I had all sorts of suggestions. Why, one day I received a postcard:—

"I had two cats on my window-sill last night; there were three in the back-garden. They kept me awake all night. Tax cats!"

That writer evidently believed in a vindictive Budget. Well now, I inquired into this mineral-water business. The first thing I found was that there was no money in it. That was fatal. If there had been any money in it, it would not have fallen on the teetotaler—only on the drinker in another way; and on the children. I find that most of these fancy drinks are indulged in by the children. Lord Lansdowne's answer is—"Don't tax the landlords; tax the kiddies!—tax anything but land!"

But Mr. Austen Chamberlain had a real alternative; he said it was up his sleeve. Well, somebody dropped the card out of that sleeve and the editor of the "Birmingham Post" picked it up. What was it? The same old story! Taxing the food of the people. This is their alternative Budget, and this is what is going to produce the great revival in trade! Employment for everybody—except the landlords!

Really, I am amazed at some of the things which are said about this question. I noticed yesterday, walking about different parts of London, posters making statements—well, I really don't like to characterise them; if I did I should use the language of Mr. Balfour—if I were Mr. Balfour I would call them "painted lies." One poster stated that everything had gone back since the Liberals had come into power—employment, trade, and everything else, and it compared the present position with the position the year before they came into office.

Well, I was anxious to find out how things really stood. You know you need not go to posters to find out these facts; they are all enshrined in the records of the Customs House and the Board of Trade. I ventured to look at the figures of the Board of Trade returns the year before the Liberals came into office, and I compared them with the last eleven months. Take the eleven months ending November 1905, compared with the eleven months ending November 1909, and the exports of British goods have gone up by forty-three millions—to be perfectly accurate, forty-three millions and a quarter.

What does that mean, taking again the Chamberlain test that the foreigner is paying? It means twenty-two million more in wages in respect of the trade of this year than it did in respect of the trade of 1905. I should like to hear their explanation of that.

Ah! no. They want to tax food; they want to go back to the "good old days" before the Corn Laws, when rents were high and hundreds of thousands were starving in the land. That is what they want to go back to. We know their alternative Budget. They are throwing out the present Budget purely and simply as a conspiracy between the great manufacturers and the landlords in order to increase the profits of the one and the rents of the other. If this Budget went through, they said, there would be no excuse for it; the money would be provided—provided without imposing the slightest burden on any necessary of life. Oh, yes; it was getting on very well before the Budget. The manufacturer was to get 10 per cent. on goods that would keep out all competition, so that prices should go up—so the prices of everything would go up in this country—everything would go up, we would have to pay more for all the commodities of life.

What would happen then? More employment? I beg pardon. What would happen? We would sell less goods than we have ever done abroad. How do you make that out? I will tell you. Neither the Colonies nor the foreigners buy our goods except for two reasons—either their quality is better or the price is cheaper for the same quality. They are not buying them because they love us. You go to the Colonies with any article, wherever it comes from—French, Russian, German, American—if it is a better article for the cheaper price, they are not going to buy the British article which is inferior at a bigger price. That is not the way to do business.

Our goods are beating them all because we are able to put them on the market more cheaply than any other country. I am going to give you one statement now, and I challenge any one in the Elephant and Castle Tariff Reform Club to contradict it.

You cannot have dear material, high wages, and a great foreign trade. Do you follow that? I think it is worth repeating. You cannot have high wages, dear materials, and a big foreign trade.

If you want a big foreign trade with dear materials you must cut down your wages. I prove it by facts. There are four great manufacturing countries in this world—the United States of America, Germany, France, and, of course, our own country.

The United States of America has eighty millions of people. It has richer resources than we have, and therefore it is bound to be the first manufacturing country in the world. Nothing can prevent it. We have a population of only forty-five millions. Germany has sixty millions, and France has somewhere about forty millions. We have the highest wages in Europe. We have the shortest hours in Europe. We have the cheapest conditions of life in Europe. Will any Tariff Reformer deny these facts? Germany wants to compete with us. How does she do it? We have the cheapest material in the world because we have no tariff. The material for every manufacture is cheaper here than in any other land. The Germans know it. They have a tariff so that their materials are dear.

They cut down the wages, and they increase the hours of labour. Even then we beat them. Now listen to this. I will give you the figures for these four countries, and although figures seem very dry things they are not really. The figures of our trade are more exciting, more sensational than any romance you could pick out. It is a great, a marvellous story of courage, enterprise, adventure, skill, daring, with the crown of freedom over it all.

Now take these countries, three of them highly protected countries, the fourth of them, thank God, still under the banner of freedom. Germany during the last five years exported of manufactured goods—I am confining myself to purely manufactured goods—a thousand and twenty-three millions, a huge trade.

The United States of America—I want you to follow this ; in Germany there is a high tariff and low wages, so she is able to sell a thousand millions worth of goods—the United States of America has a high tariff, but also high wages, so she can only export 689 millions. She sells less by nearly 400 millions than Germany. Why ? She cannot have dear material and dear wages as well.

France, which is a country just about our size, only sells 586 millions. What about our own country ? Ruined by Free Trade. Nothing to do ! It sells 1,400 millions—400 millions more than Germany, the highest of the lot. What does that mean ? She is able to give better wages than Germany, better hours of labour, better conditions.

She meets her in all the markets of the world face to face, armed only with freedom. She beats her by 400 millions in the course of these five years.

Now, what is the good of talking about tariffs promoting trade ? The first thing that would happen to a tariff would be this ; the profits would go up, but the material would cost more. We could not sell our articles as cheaply as we do now. If we could not sell them as cheaply, who would buy them ? Do you think the people of the world are going to pay 10 per cent. more for our goods than they do now ? Not at all. We should sell at least 10 per cent. less. Where is the more employment in that ?

On the contrary, it would throw hundreds of thousands of workmen out of employment if you had a high tariff in this country.

We are dependent upon our Free Trade for our work.

Ah, yes, but what do the manufacturers and landlords say—some of them, not all—what does this Tariff Reform conspiracy do ? The landlord says to the Tariffites, “ Here, I cannot allow you to put an extra 10 per cent. on all the things I buy unless you give me 10 per cent. on the things I sell.” “ All right,” is the reply, “ two shillings on corn, dairy produce, and meat.” Up go the landlord’s rents, and they make merry together at the expense of the people of this country.

We have found them out in time. What they wanted were “ the good old days,” that the rich might be made richer, that the fat rent rolls might become fatter. But the bare cupboard of the poor would become barer. It is the spirit of reaction, the spirit which takes you back sixty years to the days of the Corn Laws, a spirit that would take you still further back to the days when the Commons were still struggling for the right to grant supplies

to secure redress ; still further back to the days when the barons ruled the land.

Our policy is the policy of forward progress. They say, "Let us go back." Never ! The Budget found them out, found them out in time to stop the conspiracy. And now they are worrying about their land, and they are anxious about their privileges. They are unhappy about their general position. And I am glad to see anxieties for once flitting from the cottage to the castle. It is a good omen. I come from a part of the country where we have some very fine mountains, and I tell you how we who never could afford a weather-glass used to know what kind of weather was coming there. We used to look at the hills, and if we saw the clouds hanging heavily in the valleys and on the lower ridges of the hills, we knew there was bad weather coming. But if we saw the clouds lifting and gathering round the summits we knew there was going to be fine weather in front of us.

To-day the clouds are lifting from the valleys, from the lowly and humble homes of the people, and they are gathering round the tops. There is a fine day coming.

SPEECH ON
THE PROBLEM OF UNEMPLOYMENT

Delivered in Queen's Hall, December 31, 1909

THIS great gathering has been summoned together to appeal to the greatest metropolis in the world, of the greatest Empire in the world, to take its place in the forefront of the great struggle for the rights of the people. It is not the first time London has taken the lead in such a struggle as this. Some centuries ago London was in the forefront of the fight to establish the rights of the Commons of England to grant Supply to the Crown, and to deny Supply except on condition that grievances should be redressed. We are now engaged in establishing that right, not as against a monarchy, but as against an oligarchy, and we are calling upon those who support the action of the Lords to show cause why the constitutional rights of the people should not be established beyond cavil or question.

What is the Tory answer? I have followed it very closely, and, as far as I can see, in London they attempt no answer at all, but they seek to divert attention by side issues. We are not afraid to meet them, and to-night I propose, subject to your patience, to deal exclusively with one of those side issues—a not unimportant one. It appears in every Tory paper, on every Tory platform. It is one which I am going to show we have not the slightest desire either to shirk or to avoid—I mean the question of unemployment. Now what is the contention of our opponents? They submit two contentions. The first is that the Free Trade system of this country has had the effect of depriving a very considerable proportion of our working people of the opportunity of earning a living, and that that condition of things, which has been going from bad to worse ever since Free Trade was established, has been considerably aggravated by the Budget I introduced in April last.

I propose to deal with both of those questions, and the first thing I should like to do is to put this question to you—Has it ever occurred to you, with those two contentions in your mind, why the House of Lords did not follow the advice of Lord Rosebery, not to reject the Budget, but to put it into operation for a year? Now I want you to follow that, as it is by no means a bad test of their sincerity. What did Lord Rosebery say?—and he is a perfectly sincere opponent of the Budget. Very few people like to pay if they can avoid it, and there can be no question as to the sincerity of Lord Rosebery's objection. He said to them: "Here, this is such a bad

Bill that all you have to do is to pass it, and let it come into operation, and after a year's experience the people of this country will realise what a thoroughly pernicious thing it is, instead of entering upon a very doubtful contest now." Those are his words, not mine. Personally, I have not the slightest doubt about it—"in a year's time your victory will be assured." Why did they not adopt that staid counsel? Just follow. They might have said, "We took the high patriotic line. We could not allow, even for the sake of party advantage, a bad Bill like this to come into operation, to destroy confidence, and to destroy the trade and commerce of the country." If they had said so, their record proves that at any rate they do not always follow that line. They said the same thing about the Trade Disputes Bill and the Miners' Eight Hours Bill, and Lord Lansdowne, their leader, said about the Old Age Pensions Bill that it was a thoroughly mischievous measure. In spite of that they passed it, simply because it would not be to the interest of the House of Lords not to pass it. They are not above passing even a bad Bill if they think it is to the advantage of their party to do so.

I will give you another consideration. The worst that could happen to this country if the Budget were passed would be that ten millions of money would be extracted out of the pockets of the rich for the purpose of paying for "Dreadnoughts" and Old Age Pensions. I think this country could stand that for twelve months at any rate without being utterly ruined. And my third reason for believing that that was not their motive was this. If trade had gone from bad to worse since the introduction of the Budget, then the Lords might have said: "We must put an end to it. We cannot stand this any longer in the interest of the country, and therefore we must throw it out, whatever the consequences may be." But that was not the case. From the moment the Budget was introduced trade improved. Our foreign trade went up month by month until the last month of all. The month in which the Budget was introduced our foreign trade went up by, I think, something like ten millions. Unemployment went down steadily from the month of April until it dropped something like 2 per cent. From April down to November the traffic on our railways improved. There is every indication that we are in for better times, and so far from the Budget having shaken confidence, destroyed credit, and injured the trade and industry of the country, things have improved, and I think we can say will improve for at least twelve months.

Therefore I dismiss that as an explanation of their reason. What was it then? I will give you two. The first reason undoubtedly was this—that in the course of the next twelve months, before they would get any opportunity of calling upon the country to express their opinion on the Budget, great progress would have been made with the land valuation. Now, I want you to consider what that would have revealed. It would have revealed startling results. It would have shown, at any rate, the extent to which the great ground-landlords of this country have escaped their fair share of the burden of taxation. Lands rated at a few scores of pounds per year, or at the outside a few hundreds, are rated as agricultural land, and get half their rates paid out of the taxes of the country. The official

valuation would have proved that lands of that kind are worth scores and hundreds of thousands of pounds. What would that have meant? The tradesmen of the country, the business people of the country, who are now being crushed by the heavy burden of local taxation, would have turned round and said, "Where is their share of all this?" The working men of the country, whose rents now are in many cases almost impossible of payment, owing partly to the price of the land on which their houses are built, and partly to the heavy rates, would, with the tradespeople, business people, and commercial elements of the country, insist on the great ground-landlords paying upon the real value of their land. By throwing out the Bill the Lords for the time being have avoided that catastrophe, and naturally they are anxious. We must talk about something else.

What is the other reason? It is the one I am going to deal with at this meeting. The other reason is this. Trade is recovering rapidly—recovering from a blow which came from America. Unemployment is diminishing. Foreign trade is improving. Our shipping is improving. Our railways are improving. And there is another factor of very great importance going to tell next year. We have heard a good deal about capital being exported abroad. You have heard of capital exported abroad, but you have not seen capital exported abroad yet but that it comes back in orders for British goods. These orders are due in the course of the coming year. They will be flowing in, and before the next General Election would, in the ordinary course of things, have become due, trade would have been booming merely by the execution of these great orders. So the party managers said, "Don't you wait. Trade is not as bad as it was, but there is still room for improvement. Take it at its present condition. Unemployment is not as bad as it was. It is still rather bad. If you wait another year there will be no unemployment, no bad trade, and it is no use going to people working overtime and saying to them, 'Your job has been taken away by the foreigner.'" Now you understand why they threw out the Budget instead of waiting another year. It is because they have no confidence in their own prediction. They don't believe our trade is going to be taken away by the foreigner or by the Budget.

Now the mere fact that they urged the Lords to throw the Bill out shows that they themselves do not believe that unemployment is going to be worse. On the contrary, they believe it is rapidly diminishing, and in the course of another year it will be idle to talk about it on a platform. You can frighten people about Halley's Comet. You can tell them what a frightful catastrophe will happen when we pass through its tail. But once we are through, all the dangers are over, and you will know really how thin it is. And it was just the same with the Protectionist bogey. There it is. It now fills the sky. But in a very short time we shall have passed through it, and we shall know that it is the thinnest of gas. They talked like this in 1885 exactly. I remember on every platform in England the same talk about unemployment, the same talk about the foreigner taking away the bread from the mouths of the children of the workmen. I remember how they predicted that in a very few years, unless we changed our fiscal systems, the factories and the mills and the mines and shipping

of England would be ruined. Who answered them then? I remember the service Mr. Chamberlain rendered then—and we remember it with pride—by showing it was purely a temporary condition of things, by showing that every country in the world was suffering from the same depression, by showing that unemployment was worse in Protectionist countries, and by showing that if we simply kept our heads cool and stood by the flag of freedom things would come round. And so they did. Since then our trade has gone up with foreign countries by scores and hundreds of millions, and so far from having gone to the bad we are much better off. However, the party managers said to the Lords: "Don't you wait. Don't you risk it. You will never get another chance like this." And they are not going to get another chance.

Now let me give you four or five considerations on this question of unemployment. The argument of our opponents is this—that the foreign products imported into this country take away the employment of our own men. Well, now, the first thing I should like to impress upon you is—and it is a fact which is thoroughly well known, but one has really got to emphasise these fundamental and elementary facts for the benefit of our opponents—that whenever imports are at their highest employment is at its best. So far from imports from abroad taking away the work of our employés, you look at the trade statistics for the last fifty years, and you will find that the more goods that come in from abroad in a given year the better is the state of employment. It means that trade is better.

The second consideration is this—trade fluctuations are not confined to this island. These gentlemen talk as if there was no depression in trade in any Protectionist country—always full work, working overtime—one year's end to the other. Well, how tired they must be! It really is very odd that with all this excessive demand for labour abroad their wages are so much lower abroad than in this country. The fact of the matter is that every country is liable to have trade depression. You have ups and downs in trade in every land. Trade is not a lifeless sea. It has its spring and ebb in every land. This is no exception. As a matter of fact, this great trade depression began in America, and it was very much worse there than it has ever been here. And whenever you get less trade, less business, you must have less employment, and that is not a truism which is applicable to this country alone.

Well, now, the third fact I want to rub in, or, rather, I want you to rub in, is that when trade depression comes unemployment is worse in Protectionist countries than in ours. Now, they talk of America as if everybody had enough to do there at all times and seasons, year in and year out, and as if there was never unemployment. It is a high-tariff country. If there is a Protectionist country in the world it is America. It has every advantage that nature can give it, every resource. There is not a metal or a mineral they have not got. It has an immense continent of country. I do not know of any country in the world with so many natural advantages as America, and in addition to them it has got the artificial advantage of a high tariff—according to our Protectionist friends. What is the state of things there? I must trouble you with figures. After all, these things

resolve themselves into figures. The trade depression began there in 1908. What was the unemployment in the State of New York, which compares with the metropolitan area here? In the State of New York, in the month of May 1908, the state of unemployment was 30 per cent. of the workmen making returns there. Thirty per cent. ! In this country about the same time the state of unemployment was something like 8 per cent.—I beg pardon, 7 per cent. To be absolutely accurate to a fraction—because I do not want to have to write letters to the newspapers—in the State of New York it was 30·6 per cent., and in the United Kingdom it was 7·4 per cent. Almost one out of every three in the State of New York out of work in the month of May, and in this country only 7 per cent. Even Sir Alexander Acland-Hood has given that up, and it must be a very bad case indeed before he surrenders.

I will tell you why I have chosen the month of May. Had I chosen January and February and March—it was then 35 per cent. in America—then they would have said, “ Yes, the weather there is so bad in those three months that they cannot work in the building trades.” There is something to be said for that. But you must remember that there are two sides to that. It means that if, owing to natural conditions, you are not able to work at full tilt the first three months of the year you ought to be able to crowd more work into the other months of the year, and, so far from being 30 per cent. in May, they ought to have been working overtime in May to make up for lost time during the frost in January, February, and March. But, instead of that, in the merry month of May, in Protectionist America, with all the blessings of a tariff to keep foreigners away, 30 per cent. of workmen out of work ! And if you look at the trades they are very interesting. This (*alluding to a return he held in his hand*) is their official report. It is not a Free Trade book. There is what is called transportation. I suppose that includes railways and trams, and carting. There you find in 1908 30 per cent. of the people out of work. There are railways here, and what percentage of the people are out of work on the railways in this country? Take, again, engineering, including shipping. There in May were 35 per cent. out of work, furniture and woodworking 37 per cent., printing 22 per cent. That is the state of things in that great country, and no doubt there was great suffering there. Well, here you are in this Protectionist paradise, where you have got Custom House officers lining the shores like cherubim with the flaming sword of a scorching tariff to keep out every foreign-made article from the Garden of Eden. Here, once you enter the garden, you find the serpents of hunger, want, unemployment hissing in every glade. What is the good of talking about Free Trade creating unemployment when you have official facts of this kind staring you in the face? There have been a good many charges of falsehood hurled at honourable men on our side. Before they repeat them they had better burn all their leaflets.

The same thing applies to France. I find even in France, where they have not the same teeming population, that during the month of May 11·9 per cent. of the workmen were out of work according to the official reports. In Berlin last year in winter, according to a house-to-house canvass made by the trade unions, they had 100,000 people out of work in Berlin alone.

If you apply that proportion to Greater London it would mean about a quarter of a million out of work. Let the Tories prove whether there is anything approaching that in this great country. So much for their figures about unemployment.

There is another thing to be said when you are out of work in this country. It is pretty hard anywhere. There is a great deal of suffering. But at any rate in this country you can buy food and clothes cheaper than in any other country in the world. But what does unemployment mean in Berlin with a 12s. duty on bread? That is what you have to face in a Protectionist country. If unemployment comes here, it comes at any rate where food is cheapest. If it comes in Protectionist countries, it comes where food is dearest and most inaccessible to the working men. That is a point to be considered.

Protection would aggravate unemployment in this country. Let me point that out to you, if it is necessary rather for the benefit of those outside than those in here. We are a country that depends more upon its international trade than any other country in the world. When Mr. Balfour in his speech yesterday—and I think Mr. Chamberlain in his manifesto—when they appeal to foreign countries and say, “Why don’t you look to foreign countries and see what they are doing?” my answer is this: Every tradesman must consult his own business. You would not go to another trader for advice as to how to conduct your own business, which is of a different character.

Our business in this country is pre-eminently an international business. In America, which is a vast continent, they can depend on their own resources entirely, and they do not depend on an outside trade. In Germany they depend to a certain extent on outside trade, but not to the same extent as we. But in this country if you destroy our outside trade, then this country is a heap of ruins. What is the good of quoting Germany here? We have got half the carrying trade of the world. Where does Germany come in? I agree Germany has got something like a third or a quarter of the whole of her fleet engaged, and engaged very largely, in carrying her own goods. But we carry for the whole world, and if we destroy our carrying trade we destroy our business. We cannot compare this country with Germany. We are the carriers of the world, the bankers of the world. We are the merchants of the world. We do more manufacturing for the world than any other country. What is the good of quoting other countries.

I do not want any one to depend—even my friends—upon what I say. You look at the Board of Trade statistics—official statistics—of the shipping of the world. When I spoke with my friend, Captain Norton, in his constituency, I challenged our opponents to give me an answer on four points, and one of them was—I said we sold more of our manufactured goods to the world than any other country, and almost as much as any two countries in the world put together. That is our trade. These people have not a proper pride in their own native country. I do not want to quote these second-rate shops in Germany or elsewhere, and ask Britain, the foremost trader of the world, to follow the example of people whom it has taught to do business. We were in business long before they ever started their

shops. Very well, therefore, I say—I want to impress this—we must do nothing to destroy our international trade, because we depend more upon it than any other thing.

Let me give an illustration. Take two shops. One shop does its business almost exclusively in its own area. Another shop also does a large trade in its own area, but it does a very large wholesale trade outside. It sends its goods by road and rail to all parts of the country. That second shop must depend very largely or entirely on two things—the superior quality of its goods and their greater cheapness. If you want cheap goods you must have cheap material, and anything that increases the cost of the material out of which things are made for that shop must diminish its trade, because it cannot compete with the others, and if you diminish its trade you diminish the employment there. You want fewer assistants and fewer workmen. And it is just the same with Great Britain if we do anything that imperils the lead we have now—I want to emphasise this, because these people talk upon platforms as if we had suddenly taken second or third place. We are maintaining our trade in the world in all the neutral markets from Pole to Pole. The only exceptions are those where you have places just on the frontier of one or the other great competing countries. But you take all the great neutral markets of the world. We are more than first in all of them. Do not let us do anything to impair that. If we do anything to impair our foreign trade we lose business, and how is that going to cure the problem of employment?

There is another thing I want to put to you. They say: “But we can fall back on the home market.” We have got a home market, but we want the markets of the world as well. The home market would be a poorer market if we had not the world as well. What is it that enriches the home market? It is the fact that we are doing the business of the world. When we carry half the trade of the world we do not carry it for nothing. We are fairly good business people, and, although we are very philanthropic, when we sell goods to the world we sell them at a profit. When we lend money to the world, we lend it for a good percentage. If you have any doubt about it, ask Lord Rothschild. I hope that is not another insult to Lord Rothschild. You dare not mention this great potentate on a Liberal platform except in the language of idolatry, which I am not in the habit of using. All this business we are transacting with the world means more profit for this country, more profit for the merchant, the banker, the insurance agent, the shipowner, the manufacturer, the coalowner. That means that the people at home who make all these profits, who reap these harvests of foreign trade, have more money to give orders in the home markets. You know that the talk is that most of the goods that are consumed in this country come from abroad. You would be surprised, if you looked at the manufactures which come from abroad and compared them with the manufactures made and sold in England, to see what a small percentage it is. Therefore, the more money our people make, whether out of Britishers or foreigners, in honest business and trading, the better it is for the home market. Do not let us listen to this folly, this insanity which would destroy our international trade in the supposed

interest of the home market, which depends for its enrichment, its power to purchase, upon the greatness of the trade we are carrying throughout the whole world.

If I may say so, I am very pleased to see Mr. Balfour has recovered from his temporary indisposition. It is only those who have seen his great fighting qualities in the House of Commons who can fully realise what a great loss it must be to his party to have him absent even for a short period from the front of the fight. Mr. Balfour quite fairly in his speech yesterday stated the case. He said that in his judgment no alteration in our trade relations could possibly remove unemployment, but it might mitigate it. Well, now, you may mitigate the evils of unemployment, I agree. I believe eventually you may be able to remove them, but not by this method. I will come to the method by and by. But is Mr. Balfour quite sure what the effect of only an alteration in the tariff would be upon unemployment? Is he sure that it would reduce that unemployment from 6·5, where it is now, let us say to 3? Is he not afraid that it might have just the reverse effect and convert 3 into 30 per cent.? That is what has happened in America. Is he prepared—for he, after all, is a responsible statesman—is he prepared, I would venture respectfully and humbly to ask, to pledge his honour, is he prepared to pledge his reputation for foresight as a statesman, is he prepared to be responsible to the millions who in this country depend for their daily bread on trade, commerce, and industry, that the tariff will not have the same effect here as in America, and deprive people not to the extent of 6 per cent., but to the extent of 20 to 30 per cent. of employment in the days of depression? It is too great a hazard.

We have the biggest trade in the world—I challenge any one to contradict it—in shipping and manufactures. We are not mere carters. We are not mere parcel deliverers. We make goods. We make the best goods. Manufactures, fabrics, textiles—we make the best, and we sell at a good price, too, everywhere. And, having got this lead, and maintaining this lead, not in percentages, but in actual figures, in millions, in quantities, is it not too great a hazard for us to throw it away upon a tariff? There may be an improvement, but no sane man would ever pledge his reputation as a certainty. My own judgment is, I cannot believe that a country like this, which has a great reputation for sanity and shrewdness, will ever take such a foolish risk as that in its trade.

We shall see in a year, a year which will be a very fateful one in the history of the democracy of this country, but one which, I hope, will mark the dawn of a new era.

I have told you why, in my opinion, it would be hazardous, it would be extremely risky, it would be foolish to gamble with our great international trade. In my judgment, the effect would be—and it is a judgment which is fortified by the experience which I had at the Board of Trade—in my judgment it would simply increase unemployment enormously in this country. "But is that all that Liberalism has to say about unemployment?" you will ask. No. If that were the only answer Liberalism had to make about unemployment, well, I tell you frankly, I should not be here as a

Liberal Minister to-night. Unemployment entails great suffering on the part of people who do not deserve it. They are not responsible for the fluctuations of trade. They are purely its victims, and I think that it is the duty of any country within the limits of its resources to see that that suffering is mitigated, and, if possible, removed. We have set ourselves to that task.

What have we done? My first answer is the Budget. Now what does the Budget do? It makes a larger provision for mitigating the evils of unemployment than any measure ever introduced by any Government. Now let me show you. I added them up. First of all there is the provision of labour exchanges and the insurance against unemployment. The two go together. In the Budget a million and a half per annum is set aside out of the new taxes for the purpose of setting up labour exchanges to assist in the finding of employment, and to provide adequate insurance to save the man who is out of work perforce and his wife and his family from starvation till he gets employment. Now that is a million and a half provided in the Budget. What more? We have done something towards providing useful, serviceable employment, not for the sake of making employment, but employment which will be of more use to the country. Now what is the first? We have set aside £600,000 towards the improvement of roads and the making of new ones, and the motorists of the country are gladly contributing to that sum of money, because it improves the road accommodation for them, and makes them less a terror to the rest of the community.

In addition to that we have undertaken to do something towards promoting schemes for the development of the resources of this country—the neglected resources of the country, like afforestation. When our opponents talk of Germany they must not forget that there are scores and thousands of people engaged there in State forests. Then in agriculture, in the development of transport, light railways for opening up the country, we are setting aside every year for the first five years half a million of money to create a fund upon which the Development Commissioners can draw whenever there are useful schemes for the purposes of developing the resources of the country. In addition to that we have set aside an annual sum of money for scientific experiments in agriculture, and to improve the conditions of agriculture, upon which labour so essentially depends, and generally for assisting the scheme of development which has been set out in the Development Bill.

To people who talk about our having done nothing to meet the problem of unemployment I would point out that in this Budget there are three millions of money annually set apart out of the new taxes for the purpose of coping with the problem of unemployment. When did any Government ever do that before? The Tories talked about old age pensions; we gave them. The Tories talked about unemployment; we dealt with it.

Still, in my opinion, that is not sufficient. Our only hope of effecting a permanent improvement in the problem of the unemployed is in a complete overhauling of our land system. And now we come to business. We make less out of our land than any country in Europe. Why? Be-

cause of our land system. It discourages expenditure in capital ; it does not give security to capital. The Tories are constantly talking about the importance of giving capital a sense of security in this country. Have they ever thought how important that is in agriculture ? Is there adequate security now for the capital expended on the land ? All those of you who have been brought up in an agricultural district, as I have, know perfectly well that no money which you spend upon land on any adequate scale will bring in its full fruition for five, ten, fifteen, or often twenty years. How can you expect any man with an annual tenancy, terminable on a year's notice, without reason assigned—how can you expect him to spend all his capital when he does not know, not merely whether he or his children will be there to reap it, but whether the rent may not be put up on his own improvement ? Is he going to put his own money, is he going to run into debt, to borrow money for the purpose, and if he is, what security is there for the lender ? Absolutely no legal security at all. There is the security of the poor farmer, who may be here to-day and gone to-morrow, but no legal security.

The first essential condition in fully developing the resources of this country is to give absolute security to the man who spends money upon developing. We are spending money on scientific education in agriculture. In the Development Bill, as I pointed out to you, I have set aside a good many hundred thousands more for the purpose. It is essential ; but what is the good of teaching scientific agriculture ? It all means money. It means spending more money, and you will not get people to spend money until they have absolute security that they will get back every penny of that money, with all the profit that it makes. The farmer is not to blame. The labourer is not to blame. They are all working hard. They are facing great anxieties. They are doing their best within the limitations imposed upon them. What is to blame is our land system.

Our idea as to land is fundamentally wrong, and I will tell you why. The idea which is fostered by a certain section of people is that the land of this country was created for the benefit, for the enjoyment, for the amusement, for the amenity of a small class of superior persons. The land of this country was given for the rearing of a strong, healthy, happy race of men, women, and children upon it. How does that affect the problem of unemployment ? I will tell you. The difference between the man who spends money with a sense of security and the man who does not, from fear that he won't get the full fruit of it, is this : One man employs twice as many men as the other does. Why is there all this overcrowding in towns ? Why is it that you get two men running after one job ? It is because there is a flood of people who have been flowing steadily from the villages and the rural districts into the towns to find work that they ought to have found at home.

I will give you one of my experiences in the last few days. I visited my old home, and went round the old village and over the old fields, and I wish to tell you what struck me. It was a number of old cottages I remembered which were in ruins, cottages which used to be full of bright children playing about, many of them my old schoolmates, people not

rich, not prosperous, but living in healthy abundance. Nobody starved there; they had plenty of good healthy food; they reared strong healthy children there; and I remember them inhabited by men, women, and children of that type. What are those cottages now? Mere heaps of stones with the brambles and nettles covering them.

I made inquiries. I asked a man who I knew had been writing up a history of that little village. I said, "How many are there of these ruined cottages in the whole parish?"—there are only about 200 or 300 cottages altogether—and he replied: "Curiously enough, I have been investigating this myself, and I find that within living memory seventy-two cottages have either disappeared or been allowed to fall into ruins." What has happened to the people? The people have gone, some perhaps to America, most of them to Liverpool, to London, to Birmingham. They and their descendants are helping to glut the labour market in the conflict for work. It would have been far better for them, far better for their children, if they were working on the old fields at home. But I tell you another fact which I discovered, and it is by no means an irrelevant one. I find that whilst the cottages had gone out the population had gone down. The cottagers had gone away, but game preservation in that parish had more than quadrupled. They said it was the poverty of the district that sent them away. It was the foreign competition that sent them away. I saw no Germans there. I do not think I saw any German goods there. Anyhow foreign competition drove them away! It was the poverty of the district! Yet it is the richest as it is without doubt the most beautiful land in the world.

What, then, was the cause? You must remember this, and I am not putting it as a point of prejudice, but as a point which is of growing importance; there is four or five times the amount of game preservation which I remember in my young days there. Now a gamekeeper would rather not have too many cottages spread about the estate. Some of the cottagers occasionally go out at night. An occasional partridge or hare or pheasant may find its way into the cotter's soup. So game preservers never encourage the development of these small holdings. But it is not simply that. Landlords say: "We cannot afford to build cottages; it does not pay; we only get 1 or 2 per cent. on them." That, I think, is a very short-sighted policy. The landlord gets more rent, and there is more labour, and especially cultured labour, on the property. Half the money spent in game preservation in that village during that period would not merely have built those seventy-two cottages better, more commodious, and more airy, but it would have built double the number. I say this, the land of England was not made for the partridges, but for the peasants of England. Every other country in the world is paying attention to this. They are encouraging these little cotters. They are doing their best for them, and we have to do the same thing. Otherwise the proportion of unemployment will grow, not from foreign tariffs, but from the home landlords.

One other consideration of the land question which I want to put to you. The building trade, I am told, is very depressed. So it is in every part of the world. But there is one reason why it is more depressed here than

it ought to be. You go to any village in the country and ask, "How is it you do not build here—there are very eligible sites?" Do they say it is because of the Germans? No. It is the home-grown product, and they will tell you who he is. They will say, "Look over at that mansion there. You cannot get land here. If you do get land it is always in the spot where you do not want it, and when you get it you never get enough of it, and when you get that which is not enough you pay ten times as much for it as it is worth." That stops building. You see towns crammed and crushed in. They are not allowed to spread out at all. There is something unseen, an influence sinister, which seems crushing them in with a bear's hug. We must clip the bear's claws.

Occasionally in villages you get men who have saved a little money and would like to build. Why cannot they? Because it is with the greatest difficulty in the world that they get a plot of ground, and then it is so small that they cannot provide a decent garden round the house. Consider, too, the price they pay! You find that land is probably worth about £1 an acre. I think it is fair that if you cut a piece out of a farm you should pay more than £1 an acre for it. You must pay for the disfigurement at 100 per cent. Double it—that is, £2 an acre. But what really happens? The little plot of ground in the village where land is or rather ought to be cheap, is charged at twenty, thirty, forty, or even fifty times its value. That kills building.

Take another case, of which I have had some experience as a solicitor. Go to any town and say to a tradesman, "You seem to be doing very well here, but you have very little room. Why do you not open out?" "Open out," he says, "where am I going to open out? I cannot build in the clouds, and if I did I should be charged a ground-rent, because by the laws of England you can charge a ground-rent if you build right up to Mars. The landlord is the owner up to the heavens."

The tradesman cannot get land for the purpose of extension, and he cannot alter any of the premises on his land without consent. If he wants to put in a new window, he must get the consent of the landlord. The landlord graciously gives his consent for a consideration. If the tradesman wants a few square yards at the back, the landlord knows perfectly well it is the only place he can build on. He cannot cart his business away on a costermonger's barrow and plant it in the next street. The landlord knows it, and takes advantage of it. What is the result? The tradesman leaves matters to the last moment. He does not build unless he is forced to, and when he does a good share of the money he would have put into the building goes towards paying the landlord, who does not utilise it for employment.

Most men have a certain amount they can spend on building and no more. A man may have £1,000 to spend on a house or a shop, but if he has to pay three, four, or five hundred pounds for the land, he has less for the building; and if he has less for the building, less material is required, there is less employment for the workman, and everybody suffers for this greedy ground-landlord.

Our opponents are all talking about capital going abroad. Tens and

scores of millions going every year ! Capital must go somewhere. Capital must have elbow-room, and if it does not get room here it must go where it can find room. If they do not allow British money to be spent on British land and British soil, the capitalist must get a return for his money, and so he invests it in the Argentine or somewhere else. You make British soil as profitable to the British capitalist as the soil of the Argentine, and British capital will not run away. Experience proves that the capitalist prefers the home investment—that is something he sees with his own eyes. If you are in for a gamble, you prefer something you cannot see, because you depend upon faith. A man naturally prefers something he knows and sees, and the land is something he can see. There is no land under the sun that repays capital more than the land of England. It is the richest under the sun. That is why the Saxons took it away from us, and left us the hills. I would not exchange. What would happen if you had a rational land system ? The people would flock to the land exactly as they have been flocking to seek a job anywhere in the great commercial and industrial centres. The people prefer the land in every country. A man will take less for labouring on the soil, and he is right. He gets something from the land that no gold can ever pay him for.

What are these Protectionist visions and dreams and the great things that would come through taxing food ? I was passing, the other day, on my way to one of my boroughs, when I saw one of the most beautiful skies. The whole firmament of heaven was lined with a fine white wool, and if you looked towards the west there was a solid bank of gold of the richest hue, and you might have imagined that at the first shower the whole country would have been covered with enough wool to clothe the inhabitants for the rest of their time and enough gold to keep us above want for the rest of our days. All that would have happened if it had fallen would have been that we should all have got a good drenching. It was nothing but vapour. That is the Protectionist heaven. Ah yes, it is the Protectionist heaven paved with food and raiment and riches golden in hue. But it is nothing but vapour which, if it once comes down on this land, will drench it with hunger. We have tried it before. What did it bring ? It brought famine to hundreds of thousands of our people. It is bringing black bread to Germany. Why should we try it here ? Let us rather get back to the free, unfettered, unshackled cultivation of the land of England. The land makes no promises to the tiller that it does not fulfil ; it excites no hopes in the springtime that it does not realise at harvest. The land is the bountiful mother that gives to the children of men sustenance, security, and rest.

SPEECH ON
THE BUDGET AND SOCIAL WELFARE

Delivered at Reading, January 1, 1910.

I READ to-day in one of the obituary notices of the Old Year which appears in one of the Tory papers, that the Budget is dead. By this large, enthusiastic, and I may say electric meeting, it does not look like it.

I have been travelling during the last few weeks in the north, south, east, and west, and I find there is the same determination on the part of the people to win. As for Reading, I am never in doubt. As the Chairman has reminded you—I forget how many years ago—I had the honour and privilege of being present at one of the meetings at Mr. Rufus Isaacs's first election to Reading, and I am proud that I had that privilege in the humblest way in the return of one of the ablest, most brilliant, and distinguished men in the House of Commons. His constituency is a credit to him, and if you will allow me to say so, he is a credit to his constituency.

Why is your member forced to come down at this season of the year to fight a contested election? Why has the Government in its good work not been allowed to run its natural and usual course? Here we are in the midst of the Christmas season engaging in an election contest when we might have been enjoying ourselves in other ways. Why? The reason is that the rich landlords who are represented specially in one branch of the Legislature decline to bear their fair share of the burden of taxation of this country. They have a special branch of the Legislature to protect their rights and privileges.

What was the expenditure towards which they were called upon to pay their fair share and nothing but their fair share? It was an expenditure that they themselves and their associates had taken a prominent part in forcing upon the country. They were quite willing to agitate even for old-age pensions when they wanted their party returned to power in 1906. And during last year they were clamouring for a bigger and a more expensive fleet. There was a great national crisis, we were told; the security of our shores was threatened; the Germans might come over any day. There was a tremor and a fear, and there were some people, I have no doubt, who, whenever they heard any noise in the early morning, feared when

they opened the window, that instead of hearing the rattle of the milkman's can, they would hear the rattle of the spurs of a German hussar.

That was the agitation that was got up, and they said, "You must build, and you must build four, eight, eighteen." They were not particular about the number; they were as little particular about the number as they were about who should pay. And we said, "There is no cause for this alarm. We have actually got in men and material something like three to one in the German fleet." "What," they said, "have you only got three to one against the German fleet? Traitors! Little Englanders! Are you going to send three poor Britishers to face one big German? You might have known that a German could eat three British sailors as if they were Frankfort sausages."

These are the patriots of England, these great imperial souls. Well, now, I wonder what would have happened if Sir Francis Drake when he heard of the Armada had said, "Here, I have only got two big ships for one Spanish ship, and five small ones for every small Spanish ship. I really can't face them." What would have happened to Drake? There was a good old Welsh lady named Elizabeth Tudor, with no fear of Germans or Spaniards in her soul. She would have sent for him and said, "Come over here, your head is more useful on Tower Hill than on a British man-of-war."

Anyhow, they would have the ships. They had no doubt that three to one was not enough. We said, "We will have four mammoth Dreadnoughts." They said "We want eight, and won't wait." "Very well," we said, "we will give you eight." Then we sent in the bill. We saw that these people were suffering from an attack of nerves, so we gave them something to cure them. It is wonderful what a steadying effect it has had on their nerves. They ought to thank us. They ought to pay double. There is a certain person who is always getting things at every shop, and always the most expensive, but when the goods come home he won't pay. If the tradesman sends his bill in and presses him, he calls him by names such as "Robber." I am not sure that he does not call him "Socialist."

I was telling you about these gentlemen who ordered Dreadnoughts and won't pay for them. I remember just about the time that agitation was on I found painted on the pavement of Downing Street, "We want eight, and we won't wait." The paint, worn off by the feet of people tramping along Downing Street, has not been renewed recently, now that it is necessary to find means of paying the money. Meetings were organised all over the country. Those meetings were dropped, or rather converted into meetings to protest against payment.

They won't pay; they flung the Bill out of the House of Lords and said, "If you want payment, you pawn the workman's loaf." We say, "Never. We would rather get rid of you, my lords." They say, "Your Budget is unfair; it places burdens which are too heavy on the poor rich men of the country. Tax bread, tax meat."

There has been a very interesting development recently. They are constantly quoting to us Colonial opinion and they say, "Here are your kinsmen across the sea. Why don't you take them by the hand? They

are asking you to put two shillings on wheat. Why don't you do it?" Our Colonial brethren have been watching this Budget fight with great interest, and they have been expressing their opinion very plainly and they are thoroughly ashamed of their lordly friends for the way in which they are declining to face their responsibility and pay up like men, and I think our Tariff Reform friends at this election are rather glad that their kinsmen are across the sea, and not here to take part in the election.

After all the Budget raises money not merely for Dreadnoughts but for social reform. I agree we must make our shores absolutely secure against the possibility of foreign invasion. We have been immune for so many centuries. It has been an undoubted advantage to us—that immunity. It has enabled us to pursue our own way, do our own work in peace. Peace is such a blessing! Peace is such a treasure that it is undoubtedly worth spending money to make it absolutely secure, and you may depend upon it this Ministry will not shirk its duty in that respect. But we must also make not merely our shores secure. We must make our homes secure.

What does the Budget do? What is the really great root trouble of our present social system? The great precariousness, not of life but of living. What is it that makes mere livelihood so precarious, so doubtful in so many cases. There are two very important elements. One is that a man may break down in health. That is one. Old age, of course, is also an answer to the same question. But men, in the prime of their days, may have an illness which incapacitates them from earning a living for their families. What provision is there for a case of this kind? We have made provision for old age. There is no national provision for a breakdown before you reach old age.

What is the second element? Unemployment. Unemployment, as I pointed out in my speech in London last night, is by no means confined to this country. On the contrary, I quoted statistics to prove that unemployment is infinitely worse in the greatest Protectionist country in the world. There was great trade depression in the United States of America. What did it end in? Almost one out of three of the workmen, in the great metropolitan State of New York, out of work. Well, you have nothing of that kind here in Free Trade Britain. Very well, unemployment is purely a symptom, and almost an inevitable one to a pressing industrial, commercial system in every land, and it is, therefore, the business of statesmanship to grapple with it, to deal with it so that it heals, and if possible to extirpate it from our midst. It is not enough to say, "We are better off here, any way, than they are in America." It is not enough to say, "We are better off than they are in Germany." Great Britain has always taken the lead in these great matters; let it keep the lead.

Let me tell you what we propose doing in the Budget. Let me deal with this all-important problem for the people of this country. You have two classes of people in this country and in every civilised country in the world. Well, who are they? It is a rough distinction, but it comes to the same thing very much. What is the first class? You are at the beginning of a new year. The first class know they will go through the year, at any rate, without suffering or privation. When sickness becomes their

lot at any rate they know perfectly well they have immediate provision to see themselves and family through the year without any hunger coming to the home. There's another class for whom the moment they are deprived of employment either by bad trade or by sickness the security of bread disappears. Now that ought not to be in a civilised country.

I know also there is the security of capital. You must have security for capital. Without security for capital you won't induce capital to risk itself upon enterprises. So I am all for giving every security for capital. But I also want to have security for daily bread. And unless you have the latter you can't ensure the former.

What happens now? In cases of unemployment and cases of sickness, when working men are not earning their daily and weekly wage, they may have their savings, but it is not every workman who can always save. It is not so easy. I should like to know how many of those gentlemen who have their thousands a year put by money at the end of the year, and it is not so easy for the workman with a weekly wage always to make an adequate provision for a rainy day. Very well, then, what does he have to depend upon? There are many poor who would have had no food at all had it not been for the tradesmen who have had their business in their times of good. And often it happens at the end of the bad period the workman resumes his work in debt.

What have they done in Germany? Our opponents are always studying Germany, and, mind you, I'm not one of those who say Germany should not be studied, that German methods ought not to be looked into. On the contrary. But why adopt the worst method and ignore the best. The scientific training, the technical instruction of Germany, are ignored on Tory platforms. All they want is the black bread of Germany, the conscription of Germany, the low wages of Germany. In addition to these, there's another side of the great industrial life, the insurance of Germany against sickness and invalidity. Every German workman is insured under this great system, so that when there is a breakdown something comes out of the fund to keep his family. He is either looked after in his own home or there is a convalescent home, a sanatorium, or hospital ready to receive him. That system is contributed to largely by the workmen themselves. The State also contributes—not a very considerable amount, but it does contribute. And I met Socialist leaders and trade union leaders in Germany, I met a good many employers of labour, and they said it was one of the best systems ever introduced into the industrial life of Germany. It has given a sense of security to the workmen. The worry, the weariness, the fear of what will happen has vanished. Instead of the workman going on as he does to the last moment, when he ought to be recuperating his strength because he is ill, being afraid to give up because he does not know what will happen to his family—instead of that in Germany they have got the knowledge that this great gigantic State system is at their backs, and that if they really fall and faint in the struggle there is something to fall back on at any rate, something to look after them, and something to look after their wives and their children.

That is the sort of thing in Germany we ought to copy, and not tariffs.

I think we ought to introduce a system not exactly modelled on the German plan, but a system which would provide universally in the same way, based on contributions, but backed up by assistance from the State. We have provided for a State contribution which is twice as large as that of Germany, so that although the Germans have had the system for 20 years, Free Trade Britain in a single year is able to provide twice as much as Protectionist Germany after 20 years.

One gentleman in the audience just now asked me a very pertinent question. "Where do the Friendly Societies come in?" There are Friendly Societies in Germany, but they are not so important, they are not so effective, they have not the same number of members as the Friendly Societies have here. Therefore, they are not so important a factor in the national life as the benefit societies are in this country.

Therefore the first condition I laid down when I took the matter in hand was this—that nothing we did should impair the efficiency of the Friendly and Benefit Societies. On the contrary, that we should work through them. I will tell you what I did. I invited the heads of some of the largest Friendly Societies, the most representative, to meet and discuss the matter. We discussed it for weeks and months. We submitted our conclusions to some of the ablest actuaries in England, and we formulated a scheme which is friendly to the Friendly Societies, they helping us, we helping them, and between us helping working men out of the difficulties to which they are at the present moment subject when the hour of sickness and unemployment comes upon them. Let me tell you this. These details have been worked out. They are in the hands of the leaders of the Friendly Societies, and when the time comes—that is when we have got the money—they will be perfectly at liberty to make them public. They have got them now to work out. They have been submitted—these schemes actually worked out—have been submitted to the greatest actuaries we could command as a Government. They have been submitted by the Friendly Societies to their own actuaries, and we were making provisions in the Budget. We intended to start in the Budget with four millions of money from the Treasury for this great purpose. And the Lords have flung it out. Men who never knew the sting of poverty have cruelly, callously, flung out that great humane provision for the sake of the wounded soldier of industry. Call them to the reckoning in another fortnight. Then you may ask, What about unemployment? That scheme has been worked out, worked out in its details, let me assure you, my friends, not merely as a sort of vague promise, as the Tories promised pensions. Mr. Chamberlain said he had a plan, but it never appeared. We had not merely a vague promise, not merely the outline of the scheme, and if the Lords had not thrown out the Budget it would have been an Act of Parliament in this year of grace.

Unemployment! The scheme is worked out by my friend Mr. Winston Churchill. He has worked it out in conjunction with the very able officials of the Board of Trade, calling in also the assistance of great trade-union leaders. They know it is not a vague scheme. They know it is a plan—a thought-out plan. They have seen it. Not merely politicians, but men

who are working on these benefits at the present moment. And all we are doing is waiting upon the will of "my lords!"

These are our plans. Have you ever totalled up the amount of money raised by the Budget for social reform? Not talking of social reform on platforms. Not promising social reforms at elections and forgetting it afterwards. Not writing leading articles on social reforms. Not mentioning it for the sake of winning a cheer. It is a national financial proposal finding money for social reforms. Add it up! Nine millions for old age pensions. Between one and two millions to bring in the paupers. Three millions for unemployment. Three millions per annum towards relieving unemployment. Four millions for the sick, broken soldier of industry. A provision of 18 millions! Eighteen millions as a total! What for? I will tell you what for. We want to drive hunger for ever from the hearths. We mean to banish the workhouse from their thoughts, from the horizon of every workman in the land before we are done. But we want your help, not merely to carry the Bill, but to sweep out of the way the people who obstruct it. What do they promise in return? Two shillings on bread is their contribution towards the social reform box. It doesn't follow, even if it is promised, that it will be realised.

For instance, I believe you have a candidate here who at the last election said not only that he was in favour of old-age pensions, but that he thought the best way of paying for them was to tax ground values. That was his promise. He kept it as long as he was a Liberal, but the moment he turned Tory he broke it. Old-age pensions the Tories promised. When? It was in 1895, and although they were in for eleven years they never gave them. There is an old English proverb which says, "You can't grind corn with water that has passed the mill." The water flowed into their mill-wheels year after year, but our poor old mill was dry. A flood turned theirs. What did it grind? It ground for the landlords. Where is the corn it ground for the poor?

I simply came here in order to say to you that when we are talking about social reforms we are not simply deluding the people in order to get their votes. We come before you with plans, with proposals, with schemes. Some of them were put into Acts of Parliament, passed through the House of Commons; others are on the stocks waiting to be put on the car to get there next time. But the Lords are blocking the rails. Let us clear them off. We can't settle the unemployed problem without making a real great concerted national effort, and, above all, we must deal with the land problem, and if we do that, if we get a free hand unfettered by this sinister power that has wrecked every progressive scheme in the past, then we can do things. This is the first day of a new year; not a new year, but the beginning of a new era. This year, for better or for worse, is going to leave an indelible mark on the history of this great land. What it brings forth for the people depends on the people themselves.

Amongst the legends of my native land there is one that always strikes me as full of meaning and instruction. It is a legend of the cauldron which never boils soup except for brave men. The political cause of 1910 is of that character. What will become of this conflict depends entirely upon

the courage, the firmness, the determination, which the people display. If they fail, then this year will be looked back upon with a shudder as a year in which the people sold their birthright—won for them by the blood and sufferings of their ancestors—to the selfish aristocracy ; as a year in which they pulled down the flag of freedom which has waved for 60 years over their market-places and exchanges, and threw it at the feet of the plutocracy. That is how it will be remembered if we fail. But if we respond to the call at this great hour then 1910 will be looked back upon with pride as a great year when the people won complete self-government in their own land, when they established their right to govern in their own country, when they established security in their homes, and shattered the feudal chains and threw off the feudal burdens. In a word, this truly will be the year of grace—1910.

SPEECH ON
TARIFFS AND THE FOREIGNER

Delivered at Plymouth, January 8, 1910

I ALMOST despair with my weak voice of being able to make myself heard in this gigantic gathering, and, therefore, I must claim your indulgence during the time I shall occupy your attention. It is a great privilege to me to be able to address such a great assembly of the brave men of the West, under the chairmanship of my brilliant young friend, George Lambert, and in support of the candidature of the excellent members and candidates who stand before you this afternoon.

Why have I come down here to support them? You live in a very beautiful county. I suppose it is one of the most beautiful counties in one of the most beautiful countries in the world. I was up on the Hoe this morning, and seeing that exquisite view I could well understand why the great men of Devon in the past thought such a country was worth dying for. But, with every desire to see such a beautiful county, I came down for another purpose. I came down for the reason already indicated by your chairman, that an irresponsible assembly has scuttled a ship full of the most valuable cargo for the people. What was that cargo? Well, it is what is known, I think, in shipping circles, as a general cargo. First of all we were raising an enormous sum of money for the defence of the country. You might imagine from the sort of talk that you have had, during the last few days more especially, that we had made no provision at all for increasing the security over our shores. This year we have added very nearly three millions to the cost of the Navy. There will be many more millions next year, and for that there is a provision in the Budget which was wrecked by the House of Lords. What else? We were not merely contented with defending our shores against the foreign invader. We had to see to a good many wrongs and evils at home—make it an even better country to defend. Your great Devonian hero, Sir Francis Drake, did not merely drive off the foreign invader. He left as a monument to his concern for the welfare of the people that great provision to supply the town of Plymouth with pure, clear water. He wanted to make them a healthy and happy race. He knew that was the way to produce men who could defend the country. That is what we have done.

We have got a reservoir and we are bringing it home to the doors of the people in this country. Professor Marshall, the greatest political economist

in Europe—not a wild Socialist, not even a wild Radical—one of the most thoughtful writers on political economy living to-day—described the Budget as the “Social Welfare Budget.” Why? Because it raises eighteen millions of money for the purpose of improving the condition of the people. Never in the whole history of the world—I won’t say in the history merely of this country—never in the history of the world has an annual Budget been introduced that contains such a rich provision for the people, for those who live in the cottages of the land, as this Budget. They say, “Oh! you talk about social reform; you promise things for the people.” No! We were ready to perform them if we had only had a chance.

How is that eighteen millions made up? They say, “You are only raising sixteen millions this year, including the Sinking Fund.” I beg their pardon. That is one of the beauties of this Budget that it has an expanding revenue. They say, “Oh! Free Trade is bankrupt. You can raise no more money.” What do they say now? “You are raising too much.” You cannot satisfy these people either way. Sixteen millions this year. Next year it expands to over twenty millions. Next year, the year after, it grows, and it is done without imposing any burdens upon the people of the land—none of the necessities of life touched at all; only the superfluities. Yet in this country we are raising over twenty millions of money per annum to defend its shores, and to see that the people who live in it may live above hunger, want, and misery.

How do we divide it? We raise very nearly nine millions for old-age pensions. Then there is a provision for including the pauper. Ah, I am sorry for him. Many an old man, who did his very best to keep outside the workhouse gates, worked hard until he broke down hopelessly, and there he is looking from inside, hoping to see somebody unlocking the doors to let him out. The moment you clear the Lords out of the way we will open the door. I hear that some of the Tories say in Devonshire, “We voted for including the paupers.” Ah, yes, the moment we brought in our Bill they voted for including everything. You see a ferryboat crossing. You consider how much cargo you can take on board safely. There is a man on the banks who does not want you to cross. He says, “Why don’t you take this chap on? Why don’t you take this other man on? And here’s a third chap; why don’t you take him?” He doesn’t want to see them cross. He simply wants to swamp the boat. He doesn’t want to see one of them safe; he wants them all to get drowned, including the ferryman. And that’s what they did when Mr. Asquith put me in charge of that little ferryboat. They meant to pitch everybody in, just to sink it. Well, I’ll tell you what we did. I said, “We will take this cargo first. And I’m coming back for the rest.” And I did. Which is more than they have ever done. “Now,” I said, “I am ready to take the pauper on; I am ready to take the unemployed on. Put ’em all on board.” What do they say now? “Oh! we’re not going to pay. We won’t pay their passage.” I say in your name, “You have got to, my lords.”

The Budget provides three millions for unemployment. What have they done for unemployment, except use it for the purpose of catching your votes—use it for the purpose of persuading the people to tax their

own bread? That is all they have done for unemployment. We have put three millions into the Budget for improving the condition of the unemployed. Yes, and for reducing unemployment.

Still more have we put into the Budget. We have started smashing the feudal chains they have put on the land, so as to open all its resources for the people that live in this land. And then we have provided over four millions for sickness and infirmity. So that, at any rate, the workman in the land when he is low on a sick bed will not have the additional anxiety of dreading that his children are suffering from want of bread. All that is in the Budget—a valuable cargo. These people have wrecked it, and I say, “Let us clear the scuttlers out of the way.”

But they say to themselves, “Why don’t you tax the foreigner for it?” Well, now, if I could have taxed the foreigner and raised this eighteen millions, do you think I would not have done it? Do you think I would have pulled all this hornets’ nest about my ears, brewers and distillers and landlords and agents, buzzing around, and trying to sting too? Whenever I hit them out of the way they say, “How vulgar!” “Just fancy,” they say, “hitting such beautiful insects!” I think I showed at the Board of Trade that I was not afraid of putting myself right as between foreigner and Britisher. If I thought a foreigner was getting any advantage in shipping or in patents I can tell you my concern was not the foreigner. I am quite willing to slay the Egyptian if he is interfering with my own people. But you can’t do it except by Free Trade.

The Germans were 25 millions short. They had run into debt, not for social reform. They had run into debt, and the German Chancellor had to raise 25 millions. Why didn’t he tax the foreigner? He at any rate was not trammelled with this obsolete Cobdenism. Reverence for Free Trade did not keep him back. He was sound on Tariff Reform. Why on earth did not he tax the foreigner for his 25 millions? He knew perfectly well it was all rubbish to talk about taxing the foreigner. Why are prices so much higher in Germany if it is the foreigner who pays? Bread dearer, raiment dearer, housing dearer—everything dearer. Why? It is because the German knows he pays and not the foreigner. They put twelve shillings on wheat in Germany. Who pays? Not the foreigner. Do you think that Germans would eat black bread and horseflesh if they could get white bread and good old ox beef?

I tell you my suggestion. Let’s try it on the peers. You know, we will give them three months of black bread diet and the best and most juicy horseflesh rump steak. I tell you, before they had got through three days they would say, “Let’s pass the Budget!” I’ll give you another test. Are you worried at all in the country districts with tramps? Well, I’ll tell you how to get rid of them. Buy a few loaves of the best German black bread, and whenever a tramp comes round, cut him a chunk. He’ll never come near you again. And this food, which would be scorned by British tramps, this is the food which is recommended by our Protectionists to the working men of Britain as a wholesome alternative to white bread. Never mind, we will stand by Free Trade and the best that God gives to the children of men for their sustenance.

Let me say another word about taxing the foreigner. I have been considering it carefully. When I was looking out for 20 millions of money, depend upon it I searched high and low, here and abroad, and if I could have got it out of German pockets—well, I can tell you, I would have taken it, so long as I could get it honestly. Let me put this to you. Has it ever occurred to you that there is only one way of taxing the foreigner, and that is the way we are pursuing? Do you know the foreigner now pays our rates and taxes? You follow this.

I have no doubt those canvassers they let loose during the election convey the impression that our trade and commerce are disappearing. I have brought you two very useful books. They are not issued by the Cobden Club, and I need hardly tell you they don't come from the Tariff Reform League. They are just the official returns of the trade of this country, and here is the latest of all. And it is a very marvellous story. Do you know what we sold last year, mostly to the foreigner, of British produce? We sold last year of British produce 426 millions' worth, and our total exports were 517 millions. The German does not come within 200 millions of that. Those are not imports. Those are what we sell. Well, you know, we do not sell without making a profit. That is not the British way of doing business. So we make a profit on that odd 200 millions that the German never sees. Now, follow that. I want to show you where I get my taxes from. It is a very mysterious operation, but I get them, which is more than the German Chancellor of the Exchequer does. Now, look at this. We are selling in Lancashire 93 millions' worth of cotton for abroad. I should say about 60 millions of that goes to the foreigner. Lots of it goes to India, Canada, Australia; but the vast bulk of it goes to the foreigner. Most of the stuff turned out of the mills of Lancashire is bought by the foreigner. Well, there's the profit of the manufacturer, paid by the foreigner. There's the wages. Of 60 millions of stuff there is 30 millions of wages. Who pays that? The foreigner.

Where do I come in? I go to the manufacturer and I say to him, "You've made a profit, haven't you?" "Ah, well," he says, "just a small one." It's wonderful how their profits go down the moment the income-tax collector comes near them. He's a most depressing individual. However, they do admit that they have made a small profit. Then I say to him, "Shilling, please." Then I say more to him, "I think you have made over £3,000 this year." And he replies, "Yes, I'm afraid I have." "Two-pence extra, please!" Then I say to him, "I've been looking at your accounts carefully, and I see you made over £5,000." "Well," he says, "I am afraid I cannot deny it." "Another sixpence, please." Who pays it? All that profit, of which I only get a share, is paid by the foreigner. I am the greatest taxer of the foreigners in the world.

But that is not all. There is the spinner. He gets his wages paid by the foreigner. There is the man who has made the mill. Because you must remember that if it had not been that the foreigner bought all this stuff from us half the mills in Lancashire would never have been built. There are the mason, the bricklayer, the carpenter, the plasterer, the painter, the builder, the whole lot of them—the man who does the iron girders—

and I think the lawyer comes in somewhere. All the useful members of society. They have their share. They say, "We have got wages, all to be paid by the foreigner." Some of them smoke, some of them drink tea, some of them drink coffee, some of them take sugar. Some of them even drink beer, and a few take to whisky. Very well. They all pay into the Treasury. Who pays it? The foreigner, of course. He pays wages, wages pay the Exchequer, so I get it in income-tax, I get it in taxes on commodities, and had it not been for this malignant foreigner I would not have had a penny of all that money.

Well now, take shipping. You know we carry half the trade of the world. This little bit of an island, this little chunk, the smallest of all the great countries of the world, carries more of the goods of the world than all the other great countries of the whole world put together. And we, as patriots, have no pride in that! Well, we have.

Now, here's another book. It is a very interesting document. It shows among other things the extent of Germany's shipping. Yes, Germany has actually got ships! Are not you frightened? I am surprised to see—but I forgot! This is the land of Sir Francis Drake. You are not wont to be chicken-hearted in Devon. The county that drove away the Armada is not the county to frighten people with talk of Germany. In Germany they have got 2,600,000 tons of shipping, a very fine shipping, creditable to Germany—very creditable. Of course, we have nothing like that. The Germans have beaten us, at any rate, hollow. We have got in this miserable little Free Trade country, ruined because we don't tax bread, over 11,000,000 tons of shipping. That is over four times as much as Germany. What do we do with it? Oh! it just lies up in our ports, rotting, no business. Isn't there? We do most of the business of the world. We carry more international trade—probably ten times more—than Germany. Germany carries her own trade very largely. The international trade is ours. Well, we do not do it for nothing.

As a matter of fact, our shipping brings us over a hundred millions a year, mostly paid by that wretched foreigner. Well, there's profit in that. There's income-tax in that. There's some whisky probably in that, and perhaps a little beer. All comes into the Treasury; all paid by the foreigner. I'm taxing the foreigner for all I know.

You've heard a good deal of talk here, probably, about the exportation of capital abroad. There is no way in which we make the foreigner pay more. We get the foreigner in four ways by that. The first way we leave to Lord Rothschild, who, knowing this is a Free Trade country with a good deal of money to spare, gathers his money together and loans it to foreigners. And very properly. In a speech in the House of Lords not so long ago, he quoted his father as saying that there was nothing more fruitful for the trade of a country than the fact that it was able to advance money to foreign lands.

However, what is the first way in which we get the foreigner? We get a good commission, and when I say "We" I mean a few of us—a good commission on the advance. What is the second way we get the foreigner in advancing capital abroad? This money does not go in cash. If we

advance a hundred millions to the foreigner, we don't pack up a hundred million sovereigns into a ship. It generally goes in goods, in some commodities. It is exchange. The foreigner orders goods here. We send them along, and that is the payment of the money.

What is the third way we get it? Well, we get something for carrying these goods, and we carry them. What is the fourth way we get him? After he has borrowed money, and we have deducted commission, we have deducted the price of the goods, we have deducted the freight for carrying the goods, we charge him an interest on the thing we have got ourselves. So it goes on. By this process we have laid the world under tribute. There has never been a country which has levied such tribute upon the world since the days of ancient Rome, except that we have conquered the world, not by force of arms, but by commerce.

Where does the Exchequer come in? It comes in at every point. It comes in on the commission. Most of the recipients pay supertax on it. It comes in on the profit on the goods which are bought, the wages which are paid to make the goods; it comes in on the freight, it comes in on the interest, and between them all I am reaping a rich harvest, as Chancellor of the Exchequer, from the foreigner.

"Well, but can't the Germans do this sort of thing?" They are trying to, and they don't come within 200 millions of us. What happens to them? You must remember that in Protectionist countries the price of material is bound to go up. Well, if the price of material goes up you cannot take the finished article into the market and compete on equal terms with people whose material is cheaper. Common-sense will teach anybody that. If you pay 10 per cent. more for the material which you convert into a manufactured article in your shop, well, when you take it into the market, how can you compete with a fellow who does not pay that extra 10 per cent? What do the Germans do in order to meet that? They cut down wages. They pay less wages to their workmen in order to make up the difference between the cost of the material there and the cost of the material here. Would you like to try that here? Higher price of material, less wages, longer hours of labour. So that there is less profit for them, less wages, and, the third and most important factor, their wages don't go so far, because everything costs more, and there's less to spare, even for a Chancellor of the Exchequer, in Germany. And I am looking at it now purely from the point of view of a man who is looking out for taxes.

It has been asked—why don't the foreigners give it up and try our system? There are two answers to that. Each country after all knows its own business, exactly as each trader knows his own business. But that's not all. Protection is a quicksand. Once you get your feet into it, the more you struggle the deeper you sink. You have read that great description in Victor Hugo of a man caught in a quicksand on the coast. He doesn't discover it at once. He only feels an additional difficulty in getting on step by step. At last he begins to sink. He struggles. The more he struggles the deeper he sinks. And he sinks and sinks, and he sinks until he has completely vanished. It is no use. They struggle. The people are struggling in every Protectionist country to get out of the quicksand. They can't.

They are doing their best. My warning to the people of this country is: "Never put your foot into it once."

That is the worst of all these artificial stimulants. It is no use going to the drunkard and saying: "Why don't you give it up?" Do you think he doesn't know just as well as you that it is harming him, that it is bringing poverty to his home, ruining his health, and making him a weaker man and a poorer man? He can't—he can't! And I tell you Protection is just one of those artificial stimulants that, once a country begins to take nips and to get it into her system, she cannot throw off. Don't you begin. That's my advice to you. That's the real reason. You get millions in Germany who are trying to throw it off. You create interests who thrive on it. Who is stopping Germany and preventing her throwing off the shackles of Protection? The great landlords of Germany. It is everything to them. It means high rents for them. That is why British landlords want to tax the bread of the people. They know if you tax wheat and corn it may mean better rents for them. It may mean getting rid of some of their burdens, and they want to put them on the people, and that is why they hate the Budget. But I appeal to you in the West, in this great struggle, I appeal to you to stand by the flag of freedom—freedom in your markets, freedom in your institutions, freedom in education, freedom in land.

My friend the chairman here said they were very abusive in their references to such a humble individual as myself. Well, I have one thing in common with the men of the West. You have a large admixture of the Celt in your population. And they hate the Celt. I can't get a speech from any noble lord but that he attacks the poor Celt. That is the crown of all my iniquities: I have got Celtic blood in my veins. Well, there is much more Celtic blood in the Englishman everywhere than they are prepared to admit, and if you drained every drop of Celtic blood from his veins he would be pretty anæmic. And that is what they want. He would not be strong enough to resist the Lords. Why, they treat me as if I were a foreigner. My race was here three thousand years ago.

But I'll tell you why they hate the Celt. He has an irrepressible love for freedom. He may be trampled upon, and he has been; he may be down-trodden, and he has been; he may be oppressed—and God knows he has; but you never can quench his passion for freedom. Tread him in the mire, and his children and his children's children will arise with the watchwords of liberty on their lips. And I come here to you, as men who have Celtic blood in your veins—mixed with good Saxon—I come to you, as the descendants of a race that fought the legions of Cæsar, to appeal to you to stand against a more insidious, a more dangerous attack upon the freedom, the liberties, and the privileges of the people of these islands.

SPEECH ON
THE PEERS' CAMPAIGN

Delivered at Falmouth, January 10, 1910.

I THANK this magnificent meeting of the men and women of Cornwall for their very kind reception of me this evening. I have come here to support the candidature of my friend Sir John Barker, who has been good enough to tell you that in his judgment the Budget places the burdens upon the right shoulders. Well, now, there is one of the shoulders (pointing to Sir John Barker): broad, sturdy, and well able to bear them. I will tell you the difference between him and others who are equally able to bear them: he bears them not merely readily, but cheerfully, whilst some others growl. Throughout the whole of the discussions in the House of Commons, and they were very protracted, sometimes into the small hours of the morning, there I found one sturdy figure behind me throughout the whole of the proceedings backing me up, cheering me on, and yet I bled him at every pore. I am pleased to be able to tell you he is not the only rich man in the House of Commons who took up that position. There were several others there, and with alacrity they supported the Budget; they acclaimed it as a just measure, although it added very considerably to their annual burdens, because they recognised they were better able to bear them than the poor were to part with their bread.

We are supposed to be engaged in a great conspiracy against property, so I am assured. Well, can you tell me why men like Sir John Barker should go into a conspiracy against property—and there are many men of the same type? It is because they know that property is more assured than ever, when you make a people contented with their lot, that they support measures like Old Age Pensions, measures like the Budget, and other measures which, I believe, will grow out of it, bearing fruit a hundred-fold to the people of this country. They support these things because they know the surest security of property is to be found in the goodwill and contentment of the people of this land. The chairman has been good enough to assure you that we are winning. We are winning all over the country. If I wanted additional proof of it I should find it in the increasing virulence of our opponents. They have given up argument altogether, and have taken to mud.

I hear that they are circulating here what I call the Savile lie. What is

that? Somebody of the name of Lord Savile, a gentleman of whom nobody would ever have heard if he had not been a peer, said the other day, in a speech which was given wide circulation, that I had cheered in the House of Commons a British defeat during the Boer war. I am told that the canvassers of Sir John's opponent are going from door to door repeating this statement. I wrote to Lord Savile to ask him upon what authority he made the statement. I said the Tory Press was represented in the House of Commons. Could he quote a single Tory newspaper that reported the incident? There were hundreds of Tory members in the House. Could he name one who had seen it? He wrote back, withdrawing the statement and apologising.

Now, I would not have said a word about it if he had left it there, but since then he has written a letter to the papers saying, although I did not cheer a British defeat, I did something just as bad, if not worse. What was that? You will be surprised to hear it. He said the Tories got up a mob in Birmingham to kill me, and I would not allow them to. Well, I am very sorry I behaved so badly, but, judging from the way they are circulating that statement, you might have imagined that one of the most glorious incidents in that war was the getting up of a mob of fifty thousand persons to kill a man who had had the effrontery to disagree with them, a mob who failed, by the way, to accomplish their purpose. And you might have imagined that the most discreditable incident in the war was the fact that I outwitted the fifty thousand! Perfectly true, perfectly true! There was a mob of fifty thousand Birmingham Tories surrounding the building with intent to kill me, but I got through them without the slightest difficulty. That shows how much brains fifty thousand Tories have got. They are not equal to one Welshman. And they went on howling for two hours at bare walls like Red Indians, and when they discovered I had got away they said, "You ought to be ashamed of yourself." And they have been saying it ever since.

I am glad these Peers were let loose. They have been addressing meetings all over Great Britain, and if they had not no one would have known what the Peers were like. You associated with the House of Peers stateliness, dignity, reserve, majesty almost, until the Peers began to talk. What has happened since? They have used language that no member of the House of Commons, of any party, would demean himself by using. (A voice: "What can you expect?") Well, I know. I expected nothing better. But, then, I had heard them before. But now, you know they have gone about the country, and the rest of the people of the country have heard them. Take some of the speeches made—language, I don't mind saying, reeking of the stable. The Duke of Rutland, the Duke of Beaufort—Lord Malmesbury, I think, his name is—and two or three others, not to mention Lord Savile and Lord Milner! They ought to be gentlemen before they become noblemen. There is something to be said about Lord Savile and Lord Milner. After all, their wine of nobility is rather immature. It has not been bottled long. But when you come to the Duke of Rutland and the Duke of Beaufort, that has been in the cellar, I believe, for centuries, until it has evidently turned musty. Well, I am glad that they have talked.

The only argument I know for keeping the House of Lords alive is that up to the present, at any rate, it has kept the Lords from the platform, who really lower our controversial methods in this country, and I am glad the people of this country are beginning to know exactly what they are like in that they are not the sort of demi-gods which their admirers and worshippers claim that they are.

Last week we had an ex-Minister of the Crown here—Mr. Lyttelton. He delivered a speech. I do not think it was in this very fine marquee. I thought I would give myself the pleasure of reading his speech. I thought it might form a good text for a speech by myself to-night, but I was very disappointed, because I have never seen thinner soup served to any audience. There was nothing to give it either body or flavour except one or two chestnuts. But there are one or two statements he made I feel it incumbent upon me to take some notice of.

The first was, he made a very bold statement that there was nothing in the Budget for the Navy. Well, now, I can hardly believe that Mr. Lyttelton said anything of the kind. If he did, it is not true, and I think he must have forgotten. Mr. Alfred Lyttelton is quite incapable of making a deliberate misstatement, and I think he must have forgotten, because in introducing the Budget, I distinctly stated that I made a provision for a gigantic increase in the Navy Estimates. If it were necessary, I could quote the words, which I have here with me, from the official report. Yes, I think it is worth while, because so much has been said about the Navy that I think I ought to call attention to what I said in introducing the Budget when I explained to the House of Commons why I wanted the money and what for. These are the words I used:—

“It is quite impossible to say in advance what the Naval Estimates will be next year.”

I had already explained they were up $2\frac{1}{2}$ millions this year; then I said:—

“They will be up still further next year for construction,” because there are other items in those Estimates, “but on construction alone the increase will be something gigantic.”

Now, those are the words I used, and I hope nothing further will be said about no provision being made by the Government for the Navy. On the contrary, the Budget that I introduced involved millions of money per annum for the purpose of improving and strengthening the Navy of this country.

Then Mr. Lyttelton went on to discuss Tariff Reform. I must say he was very mild in his statements. He did not make the wild promises which I have seen reported in so many speeches, about its “producing work for all,” about its “getting rid of unemployment,” about its “increasing enormously the prosperity of this country.” He was exceedingly moderate and temperate. But still, he did make statements which had not a single basis in the facts of our trade. He did rather invite you to believe that Tariff Reform would undoubtedly conduce to improvement in our trade. If that is the case, if Free Trade is doing so much harm to us in this country, if Protection is so much better, there are four facts I should like

explained. What are they? Can they explain this? Why is it that per head of the population we export twice as much of our products as Germany does of hers. We export four times as much as the United States of America does of her products. Here you have two Protectionist countries. They are our rivals in trade, our rivals in business. We have got Free Trade, and yet we export twice as much of our products as Germany, four times as much as the United States.

Well, there is the first fact. The second fact I should ask them to explain is this: If Protection is better than Free Trade, how is it our shipping—and, after all, you depend largely upon shipping down here—how is it our shipping, the shipping of Great Britain, is four times as great as that of Germany, and eight times as great as that of the United States of America—I beg pardon—eight times as great as France, twelve times as great as the United States of America? Now, will they kindly explain those two facts for me, and when they have done that I have a third I should like them to explain. How is it, if Protection is better than Free Trade, that the wages of this country are higher than those of any other country in Europe?

When they have explained those three facts, I will give them a fourth. Whilst wages are higher in this country than in any country in Europe, how is it that food and clothing are cheaper? And then, when they have answered those four, I have got a fifth for them. If Protection is so much better than Free Trade, if Free Trade is ruining our industries, can they explain this to me: Why is Great Britain the richest country in the world? Let us have those five facts rubbed well in.

The first is we sell twice as much per head of our products as Germany does, and four times as much as the Americans with all their Protection. Our shipping is four times that of Germany, eight times that of France, twelve times that of the United States of America. The third fact is that our wages are higher than those of any country in Europe, and the necessities of life cheaper. Fifth fact—this is the richest country in the world. When they have explained these five facts to you satisfactorily, then you can begin to argue Protection and Free Trade with them.

“But,” said Mr. Lyttelton, “let us trade with the Colonies.” By all means trade with our Colonies. Certainly, but why trade with our Colonies alone? We want to trade with everybody! A tradesman who opens a shop here does not put up a notice board outside to say, “I am going to trade with my relations.” Here is one of the ablest business men in Great Britain (pointing to the Chairman), which means, of course, that he is one of the ablest business men of the world. Supposing he put a notice outside and said, “Goods are cheaper here for my relations. We charge 10 per cent. more to anybody else.” I tell you what would happen to that great business establishment. You find now “John Barker, Limited.” If you went up in about six months’ time you would find the shutters up! That is not the way to do business. You cannot recognise those things in trade. If our relatives want help, if our kinsmen want any assistance, very well—to the last penny in the Empire—to the last drop of blood, we are bound to help them, and I am certain they would help us. But business is business, whether you are dealing with relations or with outsiders. And mind you,

it's very much better that it should be so. If you begin to introduce this sort of blood considerations into business, that blood will end in bad blood before you have done with it. It is not the way to keep on good terms with your relations, not by any means. Why do they buy from us now? If a Colonial wants to buy goods he does not say, "Let's go to the old mother shop." In Canada you have a great manufacturing country on its borders. Everything that Canadians can get cheaper in the States they buy in the States. They don't pay more because it comes from Great Britain. And I will tell you another thing. They would be fools if they did. We don't pay more for Canadian wheat because it comes from Canada. If it is better wheat, if it is a better crop, if they have had a good harvest there, then we pay more for it. But we pay more on merits and not on relationship. And the Canadians do exactly the same with us. They buy goods from us for two reasons, and they are the best reasons in the world for doing business. What are they? The first is they get their goods cheaper, and they get their goods better. But so do foreigners buy from us. Let me give you the figures.

Our Colonies buy from us 125 millions' worth every year. That is a very good business. I wish I had it. But what do the foreigners buy from us? They buy from us 251 millions' worth.

Well, now, supposing we got all the trade of the Colonies, every penny of the trade of the Colonies, of goods which they could buy from us, how much more would our trade be? Thirty millions. Well, now, this is the question: Are we going to risk the 250 millions we get from the foreigners on the off-chance that we may get an additional 30 millions from our Colonies? That would be folly. It is not worthy of a business nation. And no one is quite sure they would get the 30 millions. You must depend upon it, those nations, whether they are Colonial or foreign, buy from us now purely because we are the cheapest market in the world. Go to China or the Argentine. They are magnificent customers of ours. Germany is a great customer of ours. Mr. Lyttelton admitted it here at Falmouth that Germany was our second best customer in the world. Why do the Germans buy? Because we can sell cheaper than anybody else. Why do the Chinamen buy from us and not from Germany, and not from Russia, and not from Japan? Purely because we can sell to them cheaper. Why does the Argentine Republic buy from us? For exactly the same reason.

If you consent to Protection here, what will happen? The cost of material will go up, and the cost of our goods must go up, and we shall lose the trade of the world, which we have at the present moment. What would we get in return? Dear food, that is all. I do not believe you would cement the friendship between us and the Colonies. It would be a risky experiment. You might be able now, though I doubt it, to patch up a tariff with them. In a year or two they might make discoveries in, say, iron or in coal, and it would not be to their interest to let our goods come in. Do you think they could resist a demand from their people at home to put a tariff against us? Of course they could not. It would be the beginning of misunderstandings. It might be the beginning of quarrellings, or hostility between us. We are friends now. We are their best customers. We are

friends, and they would stand by us in the hour of need, as we would stand by them. Do not let us run the risk of entering into a partnership based upon shackling their power to deal with their own finance, and based here on making dear the food of the children of the people. It would be a mistake, a blunder, and might very well become a catastrophe.

It may be said that food will not become dearer. How can you put a two-shilling duty on corn without its becoming dearer? How can you guarantee that once you put two shillings on, it will stop there? It did not stop in France. It did not stop in Germany. It began exactly in the same way there. It began with a shilling, came on to two shillings. It is now over eleven shillings in Germany. It is twelve shillings in France. Who is there here now that can give his word for Protectionist statesmen of the future that they will not double it and treble it and quadruple it and send it up to twelve shillings? Bismarck began with one shilling and two shillings, but it soon ran up. Here Protection is like putting your arm into a cog-wheel. Once you are in it draws you in further and further, until it crushes bone and sinew. That is why there is depression in Germany. It would be folly for this country to give up its free ports.

We are not compelled to buy foreign goods. Free Trade is not compulsory purchase of foreign goods. It is freedom, and it is freedom to take the best, wherever it comes from. ("What about granite?") Well, consider granite. I have got granite quarries in my constituency, and my opponents have tried to talk in exactly the same way to the quarrymen there, but they are far too intelligent to listen to that sort of business. I just heard, before I came to the meeting, that the Tory canvassers are going down to the quarrymen in Carnarvon telling them exactly the same sort of tale as they are telling the quarrymen down here. But they are not making the slightest impression upon them. Why? Because the Welsh quarrymen know perfectly well that during the last few years we have imported less granite and not more from abroad. And not only that. The Protectionists themselves have stated that they are not going to tax raw materials. Do you imagine that in the great building centres of this country they will go down to the masons, the builders, the house-owners, and say, "Here, we are going to put a tax on granite, a tax on slate, and on slabs?" Not a bit of it. They only come down where there are granite quarries and say, "We mean to tax granite." They do not mean to do it at all. Let them give a pledge. You ask Mr. Balfour. He is the man who is responsible. I challenge any Tariff Reformer here to get a letter from Mr. Balfour to say he means to tax granite and slates. Tariff Reformers allow their candidates to talk in this way in each district, taking very good care not to say so in the great populous centres of England. They are deluding the people.

The fact of the matter is that under this system of Free Trade Britain has become the richest country in the world. We have stood by the flag of freedom for fifty or sixty years. Under that system the people have undoubtedly increased enormously in prosperity, and in conditions of life. There is a good deal more to be done, but the way to do it is the way we are travelling in the Budget. Not by making our food dearer. Not by making our clothes dearer. Not by making our houses dearer. But by freeing

the land, by putting taxation on the right shoulders, and by seeing that the resources of the State are applied to lift the poor out of the mire, and the needy from the dung-hill. That is our policy.

This land—this land is meant for Free Trade. Look at it. I have been round a good part of Cornwall—not only now, but on a previous visit—and I have looked at your beautiful bays and creeks and estuaries. There are others all around the coast of England, Scotland, Wales, and Ireland. They are all meant to draw in the good things of the earth from every part. Germany—how many ports has Germany got? She has practically got only one great port. For the rest she depends upon Antwerp and Rotterdam in other lands. She is a great land country. We are a great sea country, opening our arms north, south, east, and west to the whole world. And look at our great seaports—London, the greatest in the world, Liverpool, Newcastle, Grimsby, Glasgow, Leith, Cardiff, and Bristol. Come to the South of England, Southampton—and Falmouth as well. Go everywhere, all along our coast; we have the greatest seaports in the world. What is that for? It is to trade with the world; to receive goods from every clime; to send goods to every clime. It is the function which Providence seems to have pointed out for us in the very configuration of our great country—intended for it—and I say that to close our ports, to put a bar across them, to put a sort of turnpikes there, with toll gates, is quarrelling with Providence itself. Let us stand by the flag planted in our market places sixty years ago by the greatest Englishmen of our age—Sir Robert Peel, Mr. Cobden, Mr. Bright—the flag of freedom planted in our markets, planted over our seaports, over our exchanges, a flag under which we have grown in prosperity, in wealth, and in greatness. I thank you.

SPEECH ON
SOCIAL WASTE

Delivered in the City Temple, October 17, 1910

During the period of the Conference which followed the death of King Edward, Mr. Lloyd George delivered the following speech at a meeting of the Liberal Christian League—a non-political body—at the City Temple. The Rev. R. J. Campbell, who presided, described the speech as “immortal.” It was received with praise by many Conservative critics, including “The Times,” and with rather supercilious disparagement by the Editor of the “Spectator,” upon whom Mr. Lloyd George retaliated very vigorously. (See Vol. III., p. 566.)

I HAVE been invited to speak on the problem of destitution, and I propose to make no political speech ; but I will answer any question if the Chairman allows me at the end of my speech. There is no political conviction or political action of mine I am not prepared to avow in answer to any question. I find it rather difficult during this period of conferring to engage in an ordinary political controversy. My task is all the more difficult as I happen to be one of the negotiators. You may have observed that I thought it advisable to postpone a purely political engagement which I had undertaken for this week. I may therefore be asked how it comes that I find it consistent with that position to deliver such an address as I propose to give to you to-night. I will give you my answer to that question. This meeting has been summoned by a body which contains men of all political sections. I have every intention of respecting that fact, and, although there may be men and women amongst you who will differ from what I say either by way of statement or suggestion, I think you will find that I have made a real endeavour to present the problem before you in a way which, whilst it will undoubtedly excite criticism and controversy, at least offends no party prejudice and aims at no party advantage.

As a league you are primarily concerned with the subject of destitution amongst the masses of the people. That is the topic I propose to dwell upon to-night. I mean to examine it as it ought to be examined, quite frankly and fearlessly, but without any taint of partisan motive. The great unrest amongst the people in all the civilized countries of the world is beginning to attract special attention. Humanity is like the sea—it is never quite free from movement, but there are periods of comparative calm and others of turbulence and violent disturbance. Everything points to the

fact that the storm cone has been hoisted and that we are in for a period of tempests. What is the cause of these disturbances? It is idle to seek an explanation in any condition of things which is peculiar to one country. Tariff Reformers account for this discontent by saying it is attributable to our fiscal system, and that once we copy Continental ideas and adopt Protection our troubles will be at an end. On the other hand, I notice that extreme Free-traders seem inclined to ascribe the troubles on the Continent to the excessive dearness of the necessities of life which is the inevitable result of high tariffs. The answer to both is that the causes must be deeper and must be more universal; for the area of disturbance extends from the East to the West. You have it in Portugal, in Germany, in France, in Austria, in Russia, Italy, the United States of America, all of which are highly-protected countries. You have also got it in the North of England, in South Wales, and in Scotland under the Free Trade banner. The only point the Free-trader is entitled to make as against his Protectionist antagonist is that there are no bread riots here and that the troubles abroad are altogether more acute—at least, if you can judge the virulence of a disease by the temperature of the patient. The Free-trader contends that, if his system has not eradicated the disease, it assumes at least a milder form where the patient has been inoculated with the Free Trade vaccine. Still the fact remains that the disturbances have spread over Protectionist and Free Trade countries alike. We must therefore search out other explanations than fiscal ones.

Within the last few days there appeared in the "Westminster Gazette" a very remarkable contribution from an able correspondent in the North of England. I observe in the weekly papers that this article has attracted the attention which it certainly deserves. This very well informed correspondent explains the unrest amongst the workmen in that part of England by attributing it to the general discontent which the workman feels with his lot, and by the fact that he is given more and more to reflect upon the contrast between his own hard, grey life and that of other more favoured, although not more meritorious, members of society. Now, it is no use getting angry with those who are in this frame of mind, or even with those who, it is supposed, are responsible for creating that impression on their minds. You may depend upon it that, unless there is some real basis for this grievance, it will soon dissolve and evaporate. But if there is, then to ignore and neglect the real source of trouble in the hope that it will soon exhaust itself would be an act of supreme unwisdom. What we have got to do is boldly and courageously to answer the question which our more unfortunate fellow-citizens have a right to ask us. Are you sure that there is no real justification for the discontent amongst the masses? Let us examine it, as far as we possibly can, without passion or partisan bias.

When you come to consider the momentous prospect which seems to be opening out before us there is one fact which is full of hope, as far as this country is concerned. Both parties admit the salient facts; neither party is satisfied with present conditions; and they are agreed in this, at any rate—that those conditions stand in urgent need of mending. The presence of a mass of remediable poverty is common ground to both parties; there

is no recognizable section in this country who now contend that all is well ; there is no section of any consequence will contend that the State cannot assist effectively in putting things right.

I am not a Tariff Reformer ; all the same, I recognize that Mr. Chamberlain's historic agitation has rendered one outstanding service to the cause of the masses. It has helped to call attention to a number of real crying evils festering amongst us, the existence of which the governing classes in this country were ignorant of or overlooked. We had all got into the habit of passing by on the other side. You will only have to look at the five or six main propositions which underlie Mr. Chamberlain's great appeal in order to realize that nothing can quite remain the same once those propositions are thoroughly accepted by a great political party. What is the first proposition ? That this is the most powerful Empire under the sun. What is the second ? That Great Britain is the heart of this Empire ; strong, powerful, rich enough to send even more of its blood to the remotest member of this huge body, for he would tax us even further for the enrichment of the Colonies ; and in his view—sincere and genuine—we can bear it. But what is the third proposition ? That in the affluent centre of this potent Empire there is a vast multitude of industrious men, women, and children for whom the earning of a comfortable living, and often of a bare subsistence, is difficult and precarious. What is the fourth ? That to alter this state of things needs drastic and far-reaching changes. He suggests a complete revolution in our commercial system. What are the fifth and sixth ? They are so important, when you come to consider remedies, that I invite your special notice to these propositions. The fifth is that the fact of such a sweeping change, involving losses and injury to the fortune of individuals, ought to be no barrier to its immediate adoption, since the well-being of the majority of the people would thereby be secured. This proposition is so important, inasmuch as every reformer knows full well that the greatest obstacle of all in the path of reform is the existence of so many vested interests whose roots have struck deep into the existing order. There are undoubtedly trades and businesses that have a vested interest in our present commercial system. To alter it must necessarily bring ruin on them, whatever the effect might be on the rest of the country. Mr. Chamberlain ignores them entirely as an item even for consideration, let alone compensation, in his suggested reform. The sixth proposition is that the time has come for seeking a remedy, not in voluntary effort, but in bold and comprehensive action on the part of the State.

If you will only analyse these fundamental principles of the Tariff Reform campaign and turn them over in your minds, you cannot but realize the magnitude of the work which has already been accomplished by Mr. Chamberlain's dramatic move. He has committed the party which, by temperament, tradition, and interest, is opposed to great changes—he has committed it to propositions which social reformers of other schools of thought have hitherto in vain sought to convert them to a recognition of, and the consequences of such a conversion no man can now predict. All I can say with confidence is that it opens out a prospect which is full of hope for those who wish well to the wretched and those who walk in despair. But I am not so

sure that the knowledge that Mr. Chamberlain's principles could not end with the imposition of a tariff is not the main reason why some of the more prescient Conservatives shrank from joining him in his raging and tearing propaganda. It will tear up a good deal more than its advocates ever dreamt of when they started it.

After these essential facts have been, to use a legal phrase, admitted on the pleadings of the two great rival parties in the State, there seems to be no need of further evidence. Still it is just as well to give a few striking facts, in order to drive these admissions home to the conscience of the jury. Although I had observed a good deal of poverty in my walk through life, and although I had read a good deal about poverty, I confess I never quite realized its poignancy until I came to administer the Old Age Pensions Act. I found then what an appalling mass of respectable, independent, proud misery existed amongst us. Cases, within a few hundred yards of the City Temple, where poor women, old and worn, after honest, industrious lives, extending over seventy years, were still working away through the live-long day, starting early, resting late, to earn a wretched pittance, which just saved them from starvation, but never lifted them above privation, earning 6s. and 7s. a week by needlework on the garments of those who in an idle hour will spend more on frivolity than these poor people would earn in three years of toil—paid but 6s. or 7s. a week for endless labour, parting with 3s. 6d. of it for rent, as they were obliged to live somewhere within the ambit of work, the remaining 2s. 6d. or 3s. 6d. having to provide food and raiment to keep the poor human machine from stopping for ever. These are the tales borne in to me by the stern, matter-of-fact, although, I am pleased to say, sympathetic Government officials who administer the Old Age Pensions Act.

Let us take one other fact. You have read, I have no doubt many of you, Mr. Seebohm Rowntree's wonderful study of "Poverty" in town life. You know with what laborious and arduous care it was compiled; how he investigated the condition of every family in the city of York; how he discovered that the large proportion of the population lived on means which were inadequate to provide them with sufficient food to build up and sustain strength; how he found that the physical condition of something like 80 per cent. of the children in the working-class districts was under the average standard; and how in the poorer districts more than half these poor little wretches presented a pathetic spectacle, showing the hard conditions against which they were struggling—puny and feeble bodies, insufficiently clad, quite evidently insufficiently fed, bearing every sign of privation and neglect.

Much more could I give you to demonstrate that a large mass of the population in this richest country in the world are living lives well within the area of poverty and bordering on the frontiers of destitution and despair. As I have already pointed out, this is a condition of things that is by no means confined to this country. On the contrary, the high prices of food, which are the direct result of taxes levied on the necessities of life, make things much worse in Continental countries. A gentleman who has just returned from France assures me that the great railway strike, which

for the time being threatened France with social and industrial disaster, was the outcome of revolt against the sudden alarming rise which has taken place recently in the prices of food in that country. This was inevitable, owing to the failure of the French harvests and the heavy tax imposed on the import of foreign wheat and breadstuffs. The French papers have actually been discussing a project for fixing the price of food by Act of Parliament. Still, it is enough for us to know that our country, in spite of its enormous wealth, is not free from the grinding poverty and destitution which I have described. And there is this additional fact which we cannot overlook—ours is a hard climate for poverty. In the warm and bright climates of the South, less food, less clothing, less shelter are needed. There the sun is the luxury of the unemployed; one is less sorry for the tattered wretch who slumbers with empty pockets in the balmy shade than for the careworn peasant who toils for a full, if frugal, meal under the scorching rays of the Southern sun; but fogs and damp and frost are cruel on rags and wretchedness. This is a torturing climate for destitution.

Now, that is one side of the picture; let me give you another.

We have recently had a great agitation in this country over the filling up of some land forms under the 1909 Budget. All the Press hooters have been sounding in the stillness of the dull season a note of indignation which was perfectly deafening. What has it been all about? I am not going to discuss the merits or demerits of my land taxes; it would not be relevant, and it would hardly be right at such a Conference as this; but it is rather germane to inquire into the nature of the grievance. A certain number of people in this country who are owners of property were asked to supply a few details as to the area, the locality, and the value of those properties, and as to the conditions under which they were let. Many of them have told me that it took them about ten minutes to fill up the form. A number of large land-owners complain that, employing their agents and all their clerks and surveyors at full time, they cannot, even in two months, fill up the forms in respect of their property. Their estates are so large that it takes over 60 days to write out the barest outlines of their dimensions and locality. You have only to contrast that with the stories I have told you about the poverty of men and women, just as meritorious as these others whose affluence is so burdensome, in order to find some sort of explanation of these tremors of the earth which seem to menace the foundations of society.

So much for real property; what about property as a whole, real and personal? I have had during the last two years to look into the death duties pretty closely, and I find that out of 420,000 adults that die in the course of a year five-sixths own no property which it is worth any one's while securing a Government certificate for—a few articles of cheap clothing and perhaps a little furniture, which would hardly pay the rent if it were sold by a broker's man. Out of £300,000,000 that passes annually at death about half belongs to something under 2,000 persons. Had the 350,000 who died in poverty led lives of indolence and thriftlessness and extravagance? And had the 2,000, who owned between them nearly £150,000,000—had they pursued a career of industry, toil, and frugality? Everybody knows that that is not the case. It is facts such as these that account for

the murmurings in the heart of Britain, which betoken the presence of some organic disease in her system.

I saw it suggested by one able writer that most of the destitution that prevails was traceable to thriftlessness and waste amongst the wage-earning classes. I do not know whether the gentleman who wrote that article ever tried his hand at keeping a family and saving up on 21s. a week. Mr. Rowntree gives a case of a family where that was attempted: a hard-working, sober husband, with an exceptionally tidy and resourceful little wife; she had to maintain a family of three children. In addition to that she put by something for a rainy day, in the shape of a small weekly insurance premium, a deposit at the clothing club, and a weekly payment in a sick-club. The sum she spent on food amounted to less, by 4s. 6d. a week, than was necessary in order to feed her husband, herself, and her children on workhouse fare; and even then she had nothing left for clothing, and whenever any new garments were needed for the family she had generally to trench upon the weekly allowance for food. I do not say that there is not a good deal of misery created owing to bad housekeeping, and that much could not be accomplished if more attention were paid to training women for this all-important task. I am sure it could; but we must take human nature as it is, and demand a standard which the average man and woman can conform to.

But is this the only waste that ought to be looked into? I might indicate to you two or three directions in which social reformers could profitably inquire into the wasteful and extravagant expenditure of our country's resources which tends to depress the standard of living for the rest of the community. Take the money which is spent upon armaments, both in this and in other countries. The civilised countries of the world are spending nearly £500,000,000 a year upon the machinery of war. In addition to that, they are withdrawing from useful and productive labour some of the best brains, some of the most effective and skilled labour in their respective countries. Let us come to our own country. I wish to have no misconception as to what I mean here. As long as other countries spend large sums of money on the weapons of offence they are an undoubted menace to us and to our Empire. We must defend the integrity and independence of these islands and the greatness of our position in the world at all costs. Therefore, whatever is accomplished in the way of reducing armaments ought to be brought about by international understanding, which would leave us secure whilst depriving us, as well as all other countries, of the power to inflict injury on our neighbours. My concern now is simply to point out the gigantic waste which is involved in this expenditure on preparations for human slaughter. In this country our annual bill for armaments is something like £70,000,000; that is, it is costing us £8 for every household in the United Kingdom. Were this burden removed Great Britain could afford to pay every member of the wage-earning classes an additional 4s. a week, without interfering in the slightest degree with the profits of capital.

I would point out another great source of waste, and that is the way in which the land of this country is administered. I do not believe it is

producing half of what it is capable of yielding. One reason for that is that it is held under conditions which do not encourage development ; its tenure, which is designed for a totally different purpose, that of securing the maximum of power to the landowner, is so precarious that capital, which requires security, is not encouraged. The most profitable investment of capital is generally that which looks for its reward years ahead. That class of expenditure is discouraged by a system of annual tenancies, which makes it doubtful whether the man who puts in the labour and risks his capital will reap the full reward of his enterprise. Another source of waste in connection with land is the enormous area of the land of England which is practically given over to sport. In all, you have millions of acres exclusively devoted to game, much of it, no doubt, fit for nothing else. A good deal of it is well adapted for agriculture and afforestation. In addition to these great preserves, in some of the most fertile parts of this country you will find hundreds of thousands of acres where the crops are injured and their value damaged by game preservation. When you come to the land around the towns, here the grievance is of a different character. You may have a greater waste in parsimony than in prodigality. That is the way the land around our towns is wasted ; land which might be giving plenty of air and recreation and renewed health and vigour to the workman is running to waste, as the millions in our cities are crowded into unsightly homes, which would soon fill with gloom the brightest and stoutest heart. Amongst the many contrasts which a rich country like ours presents between the condition of rich and poor there is none more striking than the profligate extravagance with which land by the square mile is thrown away upon stags and pheasants and partridges, as compared with the miserly greed with which it is doled out for the habitations of men, women, and children. You measure the former by the square mile ; the latter is given out by the yard, and even by the foot. The greatest asset of a country is a virile and contented population. This you will never get until the land in the neighbourhood of our great towns is measured out on a more generous scale for the homes of our people. They want, as a necessity of life, plenty of light, plenty of air, plenty of garden space, which provides the healthiest and the most productive form of recreation which any man can enjoy. I am not against sport ; I only want to extend the area of its enjoyment. A small number of people like to take their sport in the form of destroying something ; the vast majority prefer cultivation to destruction. Some like blood ; others prefer bloom. The former is considered a more high-class taste ; but so few of us can afford to belong to that exalted order—they must be content with such humble pleasures as flower gardens and vegetable patches and fruit bushes can afford them. In the old days there might have been some excuse for this congestion of housing space—the means of locomotion were so inadequate that men had to crowd together within the smallest compass ; but now, with electric trams and a general development of our transport system, there is no excuse for it. A pernicious system which had its excuse in the exigencies of industrial life is now perpetuated through pure greed. The people of this country ought not to allow avarice and selfish niggardliness any longer to stand between them and their highest

interests. Every good farmer knows that if he is to produce the best class of cattle and of horses on his holding he must look after their feeding, their shelter, and, in the case of horses, their training. Why should men and women have less thought and attention given to them than cattle? Statesmanship is, after all, farming on a great scale. Mr. Rowntree points out in his great work that one result of our present system of wages and housing is that 50 per cent. of the recruits that come up for service in the Army are rejected as unfit because of their physical inferiority. You apply that throughout every walk of our national life, and you see what an enormous loss is entailed on the nation by its neglect to attend to questions which affect the physical and the mental vitality and efficiency of the race.

Another source of waste is unemployment. A good deal of attention has been devoted recently to unemployment amongst the working classes, and I am glad of that—next year we hope to produce a great scheme for insuring these classes against the suffering which follows from lack of work—but absolutely no thought has been given to unemployment amongst the upper classes. This is just as grave as the other, and is a prolific cause of unemployment amongst the workmen. A number of men and women are given the best training that money can afford, their physique is developed, their brains are strengthened and disciplined by the best education, and then, after they have spent the first twenty years, the first third of their lives, in preparing and equipping themselves for work, they devote themselves to a life of idleness. It is a scandalous and stupid waste of first-class material; and the worst of it is, the system requires that they should choose some of the best men whom wealth can buy to assist them in leading this life of indolence with a degree of luxurious ease. It is a common but shallow fallacy that, inasmuch as these rich find employment for and pay good wages to those who personally minister to their comfort, to that extent they are rendering a service to the community. Quite the reverse. They are withdrawing a large number of capable men and women from useful and productive work. I want to make it quite clear, so as to avoid all possibility of misrepresentation, that I am not referring in the least to the men who by their own brains have made the money which enables them to purchase occasional leisure. There is no more hard-worked class of men in the world than this. I refer exclusively to the idle rich. There is a larger number of people of this class in this country than probably in any other country in the world. You will find them in London clubs, or in the country walking about with guns on their shoulders and dogs at their heels; or upon golf-courses; or tearing along country roads at perilous speeds—not seeking to recharge exhausted nerve-cells spent in useful labour, but as the serious occupation of their lives. If you want to realise what a serious charge they impose upon the community I will put it in this way. If you take these men, with their families and with their very large body of retainers, you will find that they account for something like two millions of the population of this country. It is exactly as if the great commercial and industrial cities of Manchester, Liverpool, and Glasgow were converted into great privileged communities in which no man was expected to engage in any productive or profitable enterprise, where the sole business of one set of

citizens was to enjoy themselves and of the rest of the citizens to help them to do so ; allowances running up to scores of thousands a year being made to some of the citizens, and running down the scale until the lowest of them received a remittance which was three times as large as that of the average wage in this country. Can you think of anything more wasteful, more burdensome to the community, more unintelligent than a system of that kind? And yet that fairly describes the system under which we live in this country, where a very numerous class of the population, without labour, still live lives of luxurious indulgence, and a great multitude of others live lives of arduous toil without earning sufficient food and raiment or repose. Believe me, there is too large a free list in this country, and it cannot afford it.

I have recently had to pay some attention to the affairs of the Sudan, in connection with some projects which have been mooted for irrigation and development in that wonderful country. I will tell you what the problem is in that country—you may know it already. Here you have got a great, broad, rich river upon which both the Sudan and Egypt depend for their fertility ; there is enough water in it to irrigate and fertilise both countries, and every part of both countries ; but if, for some reason or other, the water is wasted in the upper regions, the whole land suffers sterility and famine. There is a large area in the Upper Sudan where the water has been absorbed by one tract of country, which, by this process, has been converted into a morass, breeding nothing but pestilence. Properly and fairly husbanded, distributed, and used, there is enough to fertilise the most barren valley and to make the whole wilderness blossom like the rose. Even then there would be some who would do better than others—the land which may have fallen to their lot may have more bounteous qualities, or its cultivators may be better fitted to make effective use of what they have got. Some inequalities would remain ; and rightly so. But whilst some would thus have a surplus, all would be blessed with abundance. That represents the problem of civilisation, not merely in this country, but in all lands. Some men get their fair share of wealth in a land and no more—sometimes the streams of wealth overflow to waste over some favoured regions, often producing a morass which poisons the social atmosphere ; many have to depend on a little trickling runlet which quickly evaporates with every commercial or industrial drought ; sometimes you have masses of men and women whom the flood at its height barely reaches, and you then witness parched specimens of humanity, withered, hardened in misery, living in a desert where even the well of tears has long ago run dry.

What is to be done? Once more I agree with Mr. Chamberlain that, whatever is done, the remedy must be a bold one. Our efforts hitherto have been too timid, too nervous, achieving no great aim. Before we succeed in remedying one evil, fresh ones crop up. We are hopelessly in arrear. The problem has to be considered on a great scale. The time has come for a thorough overhauling of our national and Imperial conditions. That time comes in every enterprise—commercial, national, and religious ; and woe be to the generation that lacks the courage to undertake the task.

I believe the masses of the people are ready for great things ; nay, they are expecting them. Sometimes I have the pleasure of motoring through the Welsh mountains with men who know something of practical science, and I notice there is nothing that grieves them more than to witness a powerful mountain stream, rushing in wild fury down hills and precipices, tearing itself in its frenzied hurry to escape from its bleak surroundings, doing nothing, effecting nothing on its way, occasionally turning a half-rotten mill-wheel, which has long ceased to supply the needs of the valley, grinding no corn to feed the people dwelling on its banks, setting no machinery in motion to light up the gloom of their homes. That is a parable of the feeling that comes over all men who have devoted their energies to accomplishing something in the public life of this country, and especially to attempting something that will improve the condition of the people. It disheartens them to witness some great sweeping burst of popular enthusiasm, rushing along irresistible, inspiring, majestic, and all spent on some trivial purpose or project, which, even if accomplished, would not advance humanity one furlong along the road that leads towards the dawn. My counsel to the people would be this—let them enlarge the purpose of their politics and, having done so, let them adhere to that purpose with unswerving resolve through all difficulties and discouragements until their redemption is accomplished.

SPEECH ON
THE INSURANCE OF THE PEOPLE

Delivered at Birmingham, June 10, 1911

The National Insurance Bill was introduced on May 4, 1911. About a month later the Chancellor of the Exchequer delivered the following speech in exposition of its principles and by way of reply to its critics.

IT is very good of you, on a warm and pleasant June afternoon, to come here to meet me to discuss an affair of urgent public importance. I have come here this afternoon to talk to you about the national health. Your chairman has already reminded you that a few weeks ago I had the honour of introducing in the House of Commons a measure dealing with proposals for securing the national health, and also proposals for securing the workers of this country against the distress which is incidental to the illness of a bread-winner or to the failure of employment. I have devoted three years of labour, research, consultation, and continuous thought to that proposal. I have been assisted by many able, experienced, and well-informed men, and I am delighted to see two or three of them here on this platform this afternoon, some of the ablest men in the Friendly Society world, and I am very pleased in your presence to be able to express my gratitude to them for the great help which they gave me in the preparation of that scheme.

I hope to see this scheme an Act of Parliament within the next three months. I am told that if it took the Government three years to prepare it, you certainly ought to give the same time for people to examine it. But if it takes three years to build a house, it need not take three years to make up your mind whether you will purchase it. It takes time to lay down your foundations, prepare your plans, and gather your materials, and put up your structure, but surely you can make up your mind in at least a few months whether the house suits you, and if you want a few alterations in it. If it takes as much time to make those alterations as it took to build the house, it means that the house does not suit you. But since I am to talk about surveying the structure, may I also add, if you want to find out whether a building is adapted to your purpose you should never survey it with a microscope in order to discover the quality of the atoms in the bricks—examine it as a whole. See whether it suits you, make such alterations as you require, and then live happy ever afterwards. Not that you will never

need further repairs ; the happy householder is a man who is constantly making alterations in his house, adding here, decorating there, and adorning some other portions of the house. It is part of the happiness of life to do that, and when you have the National Insurance Bill I have no doubt from time to time you will find that amendment, alteration, and decoration will be required in that as well.

Now I cannot in the course of this afternoon cover one-tenth of the ground which it is necessary to survey when you are dealing with a gigantic problem of this kind ; and if anybody on Monday morning complains that I have omitted something, or that I have overlooked something else, you may depend upon it that I have not done so because I am under any apprehension with regard to any criticism which I have yet heard delivered or directed against the Bill. I must have some regard to the limitations of time, to the limitations of your patience, and of my own strength. Your chairman has said, and said very truly, that the main principles of the Bill have been accepted—accepted with perfectly amazing unanimity ; in fact for the first few weeks it was smothered in honey. So much so that it looked suspicious, because I observed that a good many of the eulogiums passed on the Bill said that it was so good that it would be a pity to pass it this year. I really cannot recall anything of the kind since the days when—I think it was—the Duke of Clarence was drowned in a butt of sweet wine, and my Bill runs practically the same risk at the present moment. “ An excellent Bill, just what we wanted ; hope some day it will be an Act of Parliament. Don’t be in a hurry ; don’t pass it now ; let’s think about it, let’s talk about it, let’s do anything except put it on the Statute-book.” I am out for making that an Act of Parliament. There is a real danger in the unanimity with which the principles of the Bill have been accepted, and I will tell you why. They are not discussed. If you call attention to the objects of the Bill, they say, “ We accept that ; they are taken for granted.” If you begin to dwell upon its principles, they say, “ That is a waste of time ; we accept that.”

They say the measure has been rushed into Committee before it really was allowed to have a Second Reading. I am not protesting against an examination of the Bill ; I invited it when I introduced the Bill. It is important it should be scrutinised to the last detail. Any examination of the detail can be nothing but barren unless you have a firm grip of the purpose and main outlines of the measure, and for that reason I propose here this afternoon to deal with the Bill as a whole—why it was introduced, what are the chief characteristics of it, and what are the remedies we propose in it for the evil we have to contend against. This is what I propose to talk to you about this afternoon.

What is the evil in this country and in every old country in the world ? You have got side by side with great and most extravagant wealth multitudes of people who cannot consider even a bare subsistence as assured to them. What do I mean by a bare subsistence ? I don’t mean luxuries, I exclude even comforts ; by a bare subsistence I mean that *minimum* of food, raiment, shelter, and practically the care which is essential to keep human life in its tenement of clay at all—for multitudes in every land

that is precarious to-day. That is not our idea ; we aspire to something more. Our object, our goal, ought to be enough to maintain efficiency for every man, woman, and child. The individual demands it, the State needs it, humanity cries for it, religion insists upon it.

But for millions of poor a bare subsistence is difficult to win and easy to lose. The illness of the wage-earner in hundreds of thousands of households, trade depression, a change of fashions, precipitates the family into destitution, poverty, and privation. The wolves of hunger prowl constantly around millions of doors in this land—in this favoured land—and if the illness takes the head of the family away from his watch at the door-post they rush in and ere relief arrives plant their fangs deep into their victims. There are streets in every great city—I am not excluding Birmingham—there are streets in every great city where their snarl is ever heard in the ears of the inhabitants. That ought not to be. All their money is spent in food, shelter, raiment, and nothing can be spared for the storeroom when the seeds of illness and unemployment come. I am asked how can they afford 4*d.* per week. They pay more now. To whom ? To the Friendly Society ? No. To the Trade Union ? No. To the pawnbroker. They insure now, but it is the most wasteful method, the most extravagant method, the most heartrending method. Sickness comes, one little bit of furniture after another—a labour of love—goes. (A voice : “ *Yet they have Free Trade.*”) We really cannot discuss two or three things at the same time, and if my friend thinks it is merely this country it shows he knows nothing about other countries. I am here to talk fearlessly about the condition of the people without any regard to its effect upon the prospects or fortunes of any party. Furniture, clothes, all converted into food and physic. A day’s wage to pay for the doctor when there is no one earning it.

You may say there is the Poor Law. Ah ! Let me say this to the honour of the workers of this country, the last thing they pawn is their pride. There is no greater heroism in history, and you find in the humble annals of those who fight through life against odds to maintain their self-respect and independence they will suffer the last privation before they pin the badge of pauperism over their hearts, and certainly before they will put it on the breasts of their children. Read the records of the Friendly Societies ; we have gentlemen here who can confirm what I say. A struggle is made to keep up contributions so as to avoid the charity of the parish and keep up the honour and pride of the family ; family pride is not in the rent-book, and you will find it amongst names that have never yet appeared in Dod, Burke, or Kelly.

Many are compelled to surrender ; they sustain the siege long, but it often ends in defeat ; and if you look at the records of pauperism in this country you will find this. Take places like Leeds, Glasgow—I have not the figures for Birmingham ; you will find that half of the outdoor pauperism is due directly to the illness or the breakdown of the bread-winner in the family. Now that is purely an index of the suffering it causes. Let me give you another fact. In the course of my investigations—I mentioned this in the House of Commons, but I think it is worth repeating—I discovered that most of the wage-earners in this country at one time or another have

been members of Friendly Societies, of Trade Unions, or Provident Societies of some kind. Why are they not members now? They could not keep it up for 6*d.* or 7*d.* a week, or even 5*d.*; they could not carry on; they went for some time accumulating benefit, but they could not carry it across that yawning chasm which comes with unemployment, and we have gone out to bridge it for them. If you want to realise for a moment how precarious mere living is in hundreds of thousands of households you have only to think of this.

What happens to that household when the wage-earner is swept away? It is hurled into poverty, destitution, and privation in hundreds and thousands of cases. Some of you have travelled in Italy; I know some of you have whom I have the privilege of seeing here. There, on the slopes of the hills, you will see comfortable little cottages. They seem secure, planted on the rock; they are there under a blue sky without a frown in it, surrounded by orange and olive groves, swayed by the caressing breezes of Italy. It seems a happy, contented, secure home. Pass by that neighbourhood in about a year, and look up where the cottage stood, and you will find an ugly gaping rent in the hillside. What has happened? A cloud gathered from the unknown, burst over that cottage, swept it away into the abyss, and there its inhabitants are crushed and broken under the ruins of their home. That is a fair picture of what happens to many a worker's home when the bread-winner is swept away. They are hurled into destitution. I will tell you what we are doing. We propose to strengthen the walls of the cottage against attack. We propose more than that—to divert the flood so that it shall not attack those walls; and I have not the faintest doubt when this Bill becomes an Act of Parliament it will avert, under the blessing of Providence, myriads of ruined homes and broken hearts.

What is the special difficulty we have got to meet? Your great citizen, Mr. Chamberlain, once said that preventible illness was responsible for filling workhouses. I quite agree; the trouble now is this. Many a workman has told me a workman cannot afford to put himself on the sick list. He knows that the moment he feels unfit for work, goes to the doctor, seeks a few days' repose to recruit his strength and to recover his power, there is none then providing for the household. So workmen go on unless there is some provision for them, working in what I think Dr. Baxter Wilson of your city describes in a very able book which he published—go to work in a condition of ill-health. That is thoroughly bad economy, it is thoroughly bad husbandry.

Why, if that condition of things applied to horses and cattle the farmers of this country would be insolvent. Take a brewer's horse. How well he is looked after—well fed, well cared for, well doctored; if he does not feel up to the mark he has got a guardian there specially looking after him, who says, "There is something the matter with this horse to-day; he does not feel well." The shafts of the dray are empty that day; the horse is kept at home, is doctored until he is right; that is not merely humanity, it is good business. Take a machine. If you neglect a machine a very small matter develops into a big one. It may simply mean that you want to oil the bearings—I hope that is right—to tighten a screw—but if the

machinist says, "I cannot afford to allow this machine to rest for two or three days in order to overhaul it," what happens? That machine has a bad breakdown sooner or later and it may have to be scrapped. It is good business to overhaul a thing of that kind in time, before it develops.

How much better is man than a machine! He may be better, but he is not better off, poor fellow. I will tell you the trouble; there is no one there who has a sense of responsibility to look after him. It is nobody's concern to see that that wonderfully delicate piece of machinery is all right, is fit. A man owns the machine, he owns the horse; if they break down they are costly to replace. I will tell you what is wanted in this country and in many others; you want to cultivate in the State a sense of proprietorship over these workers. They are the greatest asset of any land. When you reckon up the national wealth and begin to talk about imports and exports—when you add up our bank balances and the value of our railways, our house property, and our investments—I have never seen a balance-sheet of that kind up to the present that did not omit the greatest asset of all, and that is the men, the women, and the children of the land. You have our great Colonial leaders in this country now; we are all delighted to see, to hear, and to welcome them. Go to Canada with an offer in one hand of a million of our able-bodied workmen, in the other hand your hundred millions of our sterling gold, do you think they would hesitate for a moment which to accept? It is the men, it is the women they want in order to develop and draw out and increase and improve the wealth and prosperity of their land.

After all, work implies skill. We talk about unskilled labour; let any man who is here, accustomed to wield the pen, try his hand for a day at the pick. He'll start by saying, "This is unskilled labour"; he'll end by being completely disillusioned in half-an-hour—yea, less. There is the trained suppleness, the discipline of the eye; you accustom the body to it. There is no unskilled business; and all that training—covering years—that is wealth, national wealth, and yet we waste it with a recklessness, with an unconcern, with an unintelligence which simply baffles anybody who sits down to consider the problem for five minutes. There is too little heed paid in our industrial organisation to the physical and mental efficiency of the worker; that is the soul of the problem.

The other day—I think it was this week—I received a communication from the Birmingham Chamber of Commerce—and if I may respectfully say it, I have great respect for the Birmingham Chamber of Commerce. I had a good deal to do with them when I had the honour of presiding over the Board of Trade; they were helpful, they were fair; and therefore I will consider any communication which comes from the Birmingham Chamber of Commerce, and consider it twice and consider it three times, with great care and with great respect; but I will tell you one proposition which they lay down in this communication by way of protesting against what they called the contribution of the employer. The employer does not contribute; it is the industry that contributes. Take the factory legislation of the last forty or fifty years to improve the conditions of the worker, shortening his hours, giving him better air, more light. I have no doubt there

were Chambers of Commerce then who said, "This is a great burden on the employer." They have since discovered that it increased the efficiency of the workman to such an extent that it has benefited both. Take the Employers' Liability Act for which Mr. Chamberlain was responsible. I was in the House of Commons at the time, and it is one of my proudest recollections that, although I was in opposition to Mr. Chamberlain, as you may have known, I steadily supported that Bill. I gave it the most effective support because I never said a word when it passed through the House of Commons, I did not retard its progress by a single minute, and I voted steadily for the Bill throughout the Committee stage. That Act put an enormous cost on the employer in the first instance, but does any one imagine that the employer is paying that now? It is all absorbed in the greater efficiency of the worker and in the cost of the business.

The Birmingham Chamber of Commerce say, "Your threepence is adding so much to our income-tax." It is doing nothing of the kind; it is a fundamental error. They do not put the cost of lubricating their machinery, of repairing their engines, against their income-tax. If they have a new ventilator under the Factory Act, they do not take that out of their income-tax. It is one of the errors which it is essential for the continued prosperity and growth of this country that we should stamp out. All those things contribute to the improvement and effectiveness of the race, and everything that does that is better for employer and employed.

Yesterday I met a very intelligent agricultural friend of mine, and I said to him, "Would you mind telling me the difference between a horse which is well cared for and a half-starved horse?" "Well," he said, "I will think about it," and last night he sent this, and really it is so excellent I will read it to you:—"This, the first horse, a horse with good wages that is living under the Factory Acts, is well doctored, well stabled, and here he is always fit for work; he cannot thrive without being well fed, coat always sleek and fine, full of heart and dash, can stand any amount of work; if young liable to play pranks"; and then he adds a very necessary precaution which is rather significant, "being well fed, the horse should be worked and not kept idle." Idleness brings on many troubles; amongst others he mentions sore feet, which is the horse's equivalent for gout. Well, now, that, I think, does not apply so much to the workers of this country as to those who are well fed without working. What about the half-starved horse? "No energy, cannot stand much work, and weak, liable to break down at any time, liable to any disease, a melancholy creature; altogether does not pay to keep, although only consuming half what he should; a very foolish policy to half-feed, better not keep the horse at all." And that is full of wisdom, and all you have got to say is, do let us treat men as intelligently as we treat horses. Money which is spent on maintaining the health, the vigour, the efficiency of mind and body in our workers is the best investment in the market.

Well, now, what do we do to meet that? The first thing we do in our Bill is, we provide adequate medical treatment for every workman in the kingdom. I am dealing here with a very thorny subject, and I am warned that there are gentlemen of the medical profession present; I know there

are gentlemen representing Friendly Societies ; I hope they are not on the same side of the hall. There has been a good deal of discussion as to what they ought to be paid. At the present moment I am not going to enter into it. I had two hours' discussion with the medical men themselves the other day. I do not think there has been anything like it since the days when Daniel went into the lions' den. I was on the dissecting-table for two hours, but I can assure you they treated me with the same civility as the lions treated my illustrious predecessor. You must remember this discussion about what they ought to be paid is an old one. I cannot say that I care very much for this wrangle in the sick-room ; it is unpleasant and may well become unseemly ; all the same, it has got to be settled. For the moment I am the buffer State. The doctors say to me 6s. is not enough, and they cuff me on one side of the head. The Friendly Societies say, " How dare you give as much ! " and I get another cuff this side of the head, and between them I can only receive it with that Christian meekness which characterises politicians. The only comment I would make is this. When one set of people say you are paying too little, and another set of people say you are paying too much, it rather means that you are somewhere about right.

What next ? We have a provision for maternity—an allowance of 30s.—which I think is one of the most valuable provisions in the Bill, and we are going to see that the money is spent for the purpose for which it is designed. In spite of one or two protests we have had from Friendly Societies, the money is meant for the mother to help her in discharging the sacred function of motherhood by proper treatment and fair play, so as to put an end to this disgraceful infantile mortality which we have got in this country.

What else have we got ? It is no use sending men to sanatoria, it is no use even giving them free doctoring, unless you relieve them from anxiety about their household, so we are making provision for the maintenance of the family during the time a man is under the doctor's hands. When he is fighting his struggle with the Angel of Death we look after his children for him. Let him have both hands free to fight with the help of a doctor, and we will pull through hundreds of thousands. The allowance we are making is not a sumptuous one to begin with, but it will grow. It will grow without a single addition or charge upon employer or employed. One of the advantages of our scheme is—it will expand, it will fructify, it will bear more fruit ; this is the beginning, and the beginning of a good deal more before we have done. We are not done with fighting poverty and misery in this land yet. There is provision for 10s. a week for the first 13 weeks, and it is also provided in the Bill that if they like to make provision for 26 weeks they can do so.

What happens to a man if he does not recover at the end of 26 weeks ? Supposing he is broken altogether, what happens to him then ? We make, not a sumptuous allowance, but I will tell you what it is. It will enable a workman and his family ever after to pass the workhouse door with their heads erect. Five shillings a week. I never said you could keep a family on that, but every man who has lived in workmen's homes, and I have done it, knows what it means to have a steady, dependable allowance, even though

a small one, which you can always rely upon. The other members of the family will gradually adapt themselves to the circumstances, they will be able to pick up a few shillings here and a few shillings there, and there will be always the solid foundation of 5s. a week to build upon.

What else do we do? One of the greatest difficulties with Friendly Societies and Trade Unions now is that men cannot keep up their payments during times of unemployment. What do we do? We allow a man a large margin of unemployment without charging arrears at all. He can get three weeks' unemployment in every year, and most of us get more than that, without his being forced to pay arrears at the end of it; and if he likes to go on until bad times come and just put his three weeks in the bank and not spend it every year, he can, say, once every four years, when trade is very bad, get 12 weeks without paying anything if he is not earning wages, and at the end of the time we do not compel him to pay up arrears. Now that is quite a new thing in the history of provident dispensations in this country. We are providing a margin of two millions, when all these benefits are exhausted, for additional benefits. That means you can for your 13 weeks at 10s., or in the 26 weeks if you like, provide something for convalescence. If you want to send a workman after he has begun to recover for a week to the seaside just to pick up, you can do so. That is done in some cases in Germany. (A Voice: "*And in Birmingham.*") That is right. You have many good things in Birmingham. Oh, yes, I am the last man not to acknowledge that Mr. Chamberlain has done great things in the past for Birmingham.

I come to a provision of the scheme that is not thoroughly understood, and unless I am wearying you I will refer to this very important point. There are six million people in the country who are already members of Friendly Societies and Trade Unions and bodies of that kind; there are seven or eight millions who are not. Well, you know that if you join Friendly Societies at 16 to 20 you pay very much less than if you joined at 40 or 50. I think if you join at 45 you pay twice as much as you would if you joined at 20—that is roughly about it. Why? The risks are greater as you get on in life. When you are young you have only as a rule a few days' sickness in your account each year, but as you get on in life those dark days begin to multiply, and you become more expensive to Friendly Societies, so they have got to charge you more; but if you start at 20 you have only got to pay the same rate through life, because you are paying something up the whole time for the evil days that come to us all.

Now what am I doing here? I am going to start everybody as if he were 16 years of age for this purpose. I am going to make everybody young, to renew their youth, financially. I start everybody with this scheme at the rate which he would have to pay if he were a young man. Well, now, that costs money; it means a great deficiency. The man of 45 and of 50 will be a loss, so I have to make provision for wiping out that loss, and that is where the money of the State comes in. The State comes and puts its strong shoulder under that burden and carries it. It will have to carry it for 16½ years, and then it vanishes like the mist on our hills when the sun

comes. In the 16½ years what happens? We shall then realise six and a quarter millions for the purpose of increasing the benefits to everybody.

However, may I say this to my friends of the Friendly Societies? A badly-paid service is a bad service, and there is no business where an adequate fair remuneration is more essential than in the profession of healing. A man ought to enter your sick-room with the sense at any rate that he is fairly treated, and I am confident that that difficulty can be overcome. There are unreasonable men in every profession, except that of the law. (Laughter.) That does not command the universal acceptance which I should have expected from my knowledge of that profession and of the unselfish character of those who pursue it. But although there are unreasonable men in every profession, and men who, if they could take the whole of the twenty-five millions raised, would still be unsatisfied, the vast majority of people in every trade, in every occupation, in every walk of life, are animated, I think, by a sense of what is fair, reasonable, and practicable; and I am sure, when we come to consider the contracts between the medical men and the societies and the health committees, as the case may be, each upon its merits, each having regard to the conditions of medical practice in that neighbourhood because that is important, and the difficulties, the obstacles, the hardness of the work, I am certain we shall be able to effect a settlement that will satisfy every reasonable man, and, as I said, most people are really very reasonable except when they are excited.

For the worker it means this—No medical bills in future, and mind you that is a very serious business. I was told of a working man the other day who earns something under 20s. and who was ill for some time and confronted when he got well with a bill for £7—not a penny too much, from what I know of the circumstances, reasonable, having regard to the services rendered, but I am just thinking of the worker's point of view. There he was with a good many arrears to pay, he had had to live in the meantime, he had had to run up other bills; he was a strictly honest man who would pay them all to the last penny, and it was a very serious outlook for him. In future there is a medical service at his disposal; there will be no anxiety during the time of his illness about how he is to pay the man who is coming there; he will not have to elect—and it is a hard election for an honourable man—between starving his family and not paying the man who has rendered him honourable service. In future, provision will be made under this Bill for doctoring for every worker, man and woman, throughout the whole of this land.

What else? One of the most terrible diseases in this land is consumption. Read its records; you cannot do so without a shudder. Seventy or eighty thousand lives each year are carried away by it, it kills as many people as all the zymotic diseases put together; worst of all, it kills people just in the period of life when they are attaining the height of efficiency—between fifteen and forty. Out of the deaths between those ages in this land, one out of three is due to this dread pestilence, that hideous cavity corroded into the most hopeful, vigorous, valuable part of human life in Britain. What happens now? It is the greatest burden of any disease. There is no disease that costs nearly as much to Friendly Societies. It means, I believe—Mr. Lister-Stead will correct me—fifty-eight weeks' sickness,

long, lingering agony, now without a gleam of hope on the horizon. It is a burden on the rates, it is a burden on the State, and wastes its resources. In London alone it is reckoned that four millions of wages are lost every year through consumption. What happens now? As a rule, it is the worker who is attacked; as one man said, "It rarely attacks a man who pays income-tax." I do not suggest that as a remedy, but you have industries in Birmingham and in the surrounding district which are peculiarly liable to it—your brassworking, some of your iron-working. Go to Sheffield; there cutlery and file-making are trades peculiarly liable to it.

Now, a man clings to his work as long as he can, because he knows if he gives it up there will be no one to provide for his family, so he sticks as long as he can stand it to his work, and then he lingers on through dreary months charged with pain for himself and peril for his household. What do we do in the Bill? We open a new prospect for that worker. We plant all over Britain cities of refuge to which he can flee from this avenger of life; we are setting a million and a half aside for the purpose of building sanatoria throughout the country. There will be a million for maintaining them. The worker now will be able to command medical attendance; he will discover the disease in time; he will be taken to these institutions; in a few months the bulk of the cases that are taken in time are cured; he will be restored to his hearth, restored to his workshop, a fit, capable citizen instead of being a wreck. Now that is one thing that we are doing.

There are advantages in this scheme for the old. The State sees them limping along with their burden, getting more and more tired and weary as they go along, and the State says, "Let me help you." There are advantages for the young man; he will go on paying, paying, paying. If he is ill he will get his doctor and his 10s. a week and his sanatorium if he is attacked by consumption, but in 16½ years' time he will come in for an additional harvest; that is his advantage. Young and old come in this scheme. We have got benefits for all, and we have lifted a weight of misery and of wretchedness which was crushing millions of people in this land.

"Oh," but says my friend in the corner there, Mr. Lister Stead, "what about the man who has already been paying since he was twenty years of age; are you only going to give the same thing to him?" Well, I have a very good Scriptural warrant for that, the man who came in at the eleventh hour. He got the same pay at the eleventh hour. People have asked me how is it you cannot do it for sixty-six and sixty-seven. Well, even the parable did not give it to the man who came in at half-past eleven. What am I doing for the Friendly Society man who is already in? Let me tell my Friendly Society supporters, I think I can call them, I do not think they fully realise what has been done for them. There are some of them under the impression that they are going to pay the fourpence in addition to the present contributions. (A Voice: "*That is what we think.*") Is that so? Well, at any rate, that is not the case. You start under this scheme by paying less than you are paying now. I hope you do not mind, and if you do I am quite prepared to meet you. You can go on paying exactly the same and get larger benefits; but, more than that, if you have been in a Friendly Society for twenty-five years—and the same thing applies, of course, on a

smaller scale, if you have been for fifteen or twenty or even ten years—you have always got credit. You have got credit to your account. What happens to that? I release that credit, because I take over the whole burden on the State scheme. What happens to the money? Go to your Friendly Society and say, "We want additional benefits," and you can get them.

Now let me show you. Are there many members of Friendly Societies here? (*Cries of "Yes," a large number of hands being held up.*) You are just the gentlemen I want to talk to. Supposing you join at 20 and you are now 45—the same thing happens if you join at 16 and are now 41—you should pay 2s. 2d. a month or 6½d. a week. What do you get for that? You get a doctor and you get 10s. for six months. (*Cries of "No."*) For the moment you will find that it does not very much matter. I am putting the case at its highest. If you say three months, so much the better; but I will take it at six. You get 5s. for the remainder. You get, at least somebody will get, £10 on your death. You get £5 on the death of your wife. Now, I have taken one of the Friendly Societies. It may be that in your particular Society the benefits are adjusted in a different way, but it all comes to the same thing.

Well, now you are 45. What will happen to you under the State scheme? First, you will pay in in future, not 2s. 2d. a month, but 1s. 4d., or 4d. a week. That is all right. You will pay, therefore, 10d. a month less than you are paying now. What will you get for it? You will get your death benefits. I am not insuring death, but in order to keep your death benefits in your Society you need not pay in future, if you have been in your Society for 25 years and have accumulated resources. You need not pay more than the 4d. which I am asking. You will get, not 10s. a week; you will get more; that is to say, if your Society is completely solvent—everything depends upon that. If it is not, that is a different matter—you will get 13s. a week for 26 weeks and afterwards you will get, not 5s., but 6s. 6d. a week. If your Society is not absolutely solvent and if its funds are not altogether available, you will reduce that amount by, perhaps, 1s. a week. But you will get more. You will be paying less by 10d. a month, and you will get more than you are getting now. Now that is the condition you will be in under this. Is there anybody here insured for 12s. a week? (*Cries of "Yes."*) Well, I have something to say to you. You are paying roughly about 2s. 4d., or 2s. 4½d., a month. That is so, is it not? (*Cries of assent.*) You see, I know something about you. Well, if you have been paying for about 25 years, what do you pay in future? You will pay your 4d. a week or 1s. 4d., 1s. less, a month, but you will get bigger benefits. You ought to get, instead of 12s. a week, 14s. a week; instead of 6s. for your second period, you will get 7s. You will be paying less per month by 1s., and you will be getting larger benefits in future. Now that is your condition. Is there anybody here insured for 15s.? (*"Yes."*) Well, I have a word to say to you. You are paying now about 2s. 8½d. per month. Is that right? (*A Voice: "2s. 9d."*) Well, I have come within a farthing. I will take your 2s. 9d. That is what you are paying now. In future—mind you, on the assumption that you have been in your Society for 25 years, paying

regularly—you will pay 1s. 4d. a month. You will be paying 1s. 5d. a month less. What will you get? You will get 16s. a week and, instead of 7s. 6d., you ought to get 8s. a week, and you will get, of course, your death benefits, if you have accumulated enough reserve; but you need not pay for those, and all you will be paying is 1s. 4d. instead of 2s. 9d. Again I warn you it is all on the assumption that the Societies are perfectly solvent and the funds available. And I can well understand Friendly Societies saying, "We will be a little cautious at first. We will give a little less." But nothing will prevent you getting for 1s. 4d. a month, the 1s. 4d. which I am charging, equal benefits, and even greater benefits if you have been in your Society a regular attendant for 25 years. What happens to the man who has been 20 years, 15 years, 10 years in membership? He will get something less, of course, because his reserve is less; but what I want to point out to you is this. We are realising credit which you have created through your thrift, or industry, or foresight. We are giving you the full benefit of it, and we are adding something on the top of it.

Now, tell me if you are tired. ("No.") I just want to say this one word—I am glad we are able to do something for those who are sick and for those who are out of work. I regret that I cannot to-day explain that portion, because time will not permit; but the one thing in the scheme which I lay greater stress upon is that we have got provision to prevent disease. We are setting up local health committees, and do not you allow anybody to cajole you or bully you by misrepresentations out of sticking to this. They are the most fertile and hopeful provisions in the Bill. There you have got them as a great agency for prevention. They do not take away the function of any council, municipal, county, or district, but they are there to see that those councils are doing their duty. They will organise instruction on the principles of health, a most important thing. It is amazing the amount of ignorance that exists about the simplest rules of health. Why? You cannot persuade people that it is life for them to have an open window, that air is meant to breathe and not to keep out, that you want a constant renewal of its freshness. There will be instruction in the principles of health and of diet, the dangers of excessive drinking. All these things will come in.

But we shall also entrust to these committees the function of seeing that the laws of this land with regard to health are enforced. There is nothing more marked in this country, in most countries, than the contrast between the relentlessness and the rigour with which the laws of property are enforced, and the slackness and sluggishness with which the laws affecting the health of the people are administered. These health committees, these societies, will be administered by the men themselves. It will be a great lesson in self-government. It will be the first time the workers of this country have been really federated for the purpose of administering affairs which are essential to their very happiness and comfort. The local health committees will also have representatives.

The protection of property in this country is the most perfect machine ever devised by the human brain. The guardians of property patrol every street, and if the transgressor eludes their vigilance he is pursued to the

ends of the earth. Continents cannot hide him, the waves of the ocean cannot cover his tracks. They would have caught even "Peter the Painter" had not he been protected by the certificate of character given to him by Mr. Justice Grantham. But you compare that with the way in which the Public Health Acts, the Housing Acts, are administered in this country. We have had Public Health Acts in this country for years and years, since long before I was born, and that is getting rather a long time ago now. You have Housing Acts on the Statute-book, and yet there is no city or town, not a village in which you have not got the reek of insanitary property. I want to see the law protecting property. Yes; but I also want to see it protecting the worker's home. I would treat the man who receives rents or ground-rents from insanitary dwellings, which kill little children—I would treat him as I would the receiver of stolen property. They will not have very much to say in future. Look at the minuteness with which the most insignificant property is protected. Take the game of the land. Why should not life, health, be protected with the same ruthlessness, with the same remorselessness, with the same care? That ought to be our concern if we are going to make this land greater than it is. If we are going to make it worthy of the splendid Empire of which it is the centre, if we are going to make it worthy of the position in the story of humanity which it ought to achieve, then the first thing we ought to do is to cleanse Britain of the foul habitations which spread corruption, disease, and death in our great cities.

I never said this Bill was a final solution. I am not putting it forward as a complete remedy. It is one of a series. We are advancing on the road, but it is an essential part of the journey. I have been now some years in politics, and I have had, I think, as large a share of contention and strife and warfare as any man in British politics to-day. This year, this Session, I have joined the Red Cross. I am in the ambulance corps. I am engaged to drive a wagon through the twistings and turnings and ruts of the Parliamentary road. There are men who tell me I have overloaded that wagon. I have taken three years to pack it carefully. I cannot spare a single parcel, for the suffering is very great. There are those who say my wagon is half empty. I say it is as much as I can carry. Now there are some who say I am in a great hurry. I am rather in a hurry, for I can hear the moanings of the wounded, and I want to carry relief to them in the alleys, the homes where they lie stricken, and I ask you, and, through you, I ask millions of good-hearted men and women who constitute the majority of the people of this land—I ask you to help me to set aside hindrances, to overcome obstacles, to avoid the pitfalls that beset my difficult path.

SPEECH ON
THE INTERNATIONAL SITUATION

Delivered at the Mansion House, July 21, 1911

The importance of this speech is that it was delivered during a period of tension in our affairs with Germany, so that its statement of Great Britain's claim to a voice in "the Cabinet of nations" had a particular interest. (See Vol. III., pp. 587 *et seq.*)

YOU have given me a hint about the temperature of this room, and it is a sincere desire not to increase it that induces me to avoid the second hint you gave to discuss the question of broadening the basis of taxation. I can rise with some sense of satisfaction to respond to a toast to the continued prosperity of the public purse. The revenue is doing well. It has been doing well for years, and if this weather continues it will do still better, for although a droughty land brings a bad harvest, it rather improves the harvest of a Chancellor of the Exchequer.

You suggested that there was in prospect an addition to the burdens of taxation, and I think you hinted that that prospect had some relation to the measure which I am laboriously carrying in the heat and burden of the day and of the night through the corridors of the House of Commons—the Insurance Bill. It will be, I am sure, a great satisfaction to the gentlemen present who represent the trade and the commerce of this great city to know that in my judgment the Insurance Bill will not add a single farthing to the taxation which has already been imposed in this country. You have already given a very useful suggestion that it is the duty, not merely of Chancellors of the Exchequer, but of others as well, to see not merely that the revenue is a flowing one, but that the expenditure is also sound and efficient. There are only two parties in this country. One is the party of expenditure, and the other is the party of economy. There are only two members of the party of economy—Sir Frederick Banbury and myself. I follow his lead, and we have both of us been helping each other manfully to try to restrict the public expenditure during the last few weeks, in spite of a good many difficulties.

There is one thing I observe. Most people talk of economy, but when they talk of economy what they really mean is that you should economise in something they do not like and spend more on something which they

are particularly keen about. I never met anybody yet who wanted economy all round. The result is it is much easier to increase expenditure than, once you have incurred it, to restrict it; and when you get, not parties merely, but sections in parties, each pressing his own particular view, his own particular notion of what could be improved, all of them involving expenditure, the result is that, whether one party is in or the other, expenditure leaps up, and really I am looking forward to a day when you will have in this country a real party of economy. There was at one time a section of the House of Commons who fought the battle of economy. It has pretty well disappeared now. The only conflict now is upon the quarter, the direction, the method, the subjects of expenditure, and not upon the question of expenditure itself; and I feel it is my duty as Chancellor of the Exchequer to point out in this great centre what is painfully evident to every Chancellor of the Exchequer, because there is hardly a day that passes over his head that he does not receive petitions from every quarter for expenditure of money upon every conceivable subject, and if he is left alone, without the support of public opinion, he has only got to succumb. I am looking hopefully to the time when a healthful public opinion will be educated on the general subject of economy and expenditure.

There is one thing which makes any one who is the guardian for the time being of the public purse feel fairly sanguine and confident for the moment, and that is that trade is good. We have enjoyed a wonderful year of prosperity. Our international trade, the greatest in the world, has grown steadily during the last two or three years until it has leaped to a position which is unparalleled and unprecedented in our history or in the history of any other country. There is no immediate prospect of a recession in that flowing tide. It is steadily advancing. Not merely our prosperity, but the prosperity of the world is progressing.

We and other countries are opening out new lands whose resources have been locked since the earth was founded in the deep. We are renovating old countries by new appliances. The world is growing richer, its store is increasing; and that is true not merely of this country, but of every country. The only thing I can say about this country is that there is no land in the world which has as great an interest in the prosperity of other countries as we have. We are the bankers of the world, we are the carriers of the world, we are the produce brokers of the world, we are the insurance office of the world. We sell more of our manufactures to the world than any other land. We have a paramount interest in the general prosperity of all countries. Anything that conduces to the world's prosperity is our interest; anything that impairs it is chiefly our loss. And there is only one circumstance that could possibly interfere at this moment with the continued flow of that stream of prosperity whose fertilising influence is spreading over the whole world, and that circumstance would be anything which would disturb international peace. Peace is the first condition of continued prosperity. Fortunately there is no reason to fear that such a catastrophe is imminent, although there are of course constant questions which arise between Governments which produce discussion and sometimes irritation. But the common sense of nations has of

late years generally in the end intervened to secure a peaceful solution. Personally I am a sincere advocate of all means which would lead to the settlement of international disputes by methods such as those which civilisation has so successfully set up for the adjustment of differences between individuals, and I rejoice in my heart at the prospect of a happy issue to Sir Edward Grey's negotiations with the United States of America for the settlement of disputes which may occur in future between ourselves and our kinsmen across the Atlantic by some more merciful, more rational, and by a more just arbitrament than that of the sword.

But I am also bound to say this—that I believe it is essential in the highest interests, not merely of this country, but of the world, that Britain should at all hazards maintain her place and her prestige amongst the Great Powers of the world. Her potent influence has many a time been in the past, and may yet be in the future, invaluable to the cause of human liberty. It has more than once in the past redeemed Continental nations, who are sometimes too apt to forget that service, from overwhelming disaster and even from national extinction. I would make great sacrifices to preserve peace. I conceive that nothing would justify a disturbance of international goodwill except questions of the gravest national moment. But if a situation were to be forced upon us in which peace could only be preserved by the surrender of the great and beneficent position Britain has won by centuries of heroism and achievement, by allowing Britain to be treated where her interests were vitally affected as if she were of no account in the Cabinet of nations, then I say emphatically that peace at that price would be a humiliation intolerable for a great country like ours to endure. National honour is no party question. The security of our great international trade is no party question; the peace of the world is much more likely to be secured if all nations realise fairly what the conditions of peace must be. And it is because I have the conviction that nations are beginning to understand each other better, to appreciate each other's points of view more thoroughly, to be more ready to discuss calmly and dispassionately their differences, that I feel assured that nothing will happen between now and next year which will render it difficult for the Chancellor of the Exchequer in this place to respond to the toast proposed by you, my Lord Mayor, of the continued prosperity of the public purse.

SPEECH ON
THE NATIONAL INSURANCE ACT

Delivered at Kennington, July 13, 1912

On Monday, July 15, 1912, the National Insurance Act came into operation. On the previous Saturday the Chancellor of the Exchequer addressed a great meeting in support of the measure at the Kennington Theatre. (See Vol. III., p. 585.)

IT is very good of you all to come on a hot summer afternoon to a meeting in connection with an Act of Parliament which is coming into operation on Monday next. I do not know whether you have read the Tory papers in the last few days. If you have you will probably realise that the poor individual who stands before you now is guilty of the most infamous crime ever perpetrated by a British Minister against the community that he is supposed to serve. It may have something to do with the hot weather; if so, we will make allowances. What is the crime? I will tell you in a few sentences. If you read the reports of the Poor Law Commission—the Majority and the Minority Reports—the reports signed by Mr. Steel-Maitland, the chief organiser of the Tory Party, you will find in them passages stating that half the pauperism of the United Kingdom is due to sickness. There is another fact that will not be found in the reports, and that is that there is a vast amount of poverty, utter wretched, miserable poverty, which is never written up in the Blue-books. So long as the head of the family is in good health, on the whole with a fierce struggle he can keep the wolves of hunger in the vast majority of cases from the door; but when he breaks down in health, his children are at the mercy of these fierce ravaging beasts, and there is no one there to stand at the door to fight for the young. What happens in these cases? In hundreds of thousands there is penury, privation, everything going from the household, nothing left unpawned, except its pride. On Monday next an Act of Parliament comes into operation that abolishes that state of things for ever. Twenty-seven millions of money raised as a fund—raised as a parapet between the people and the poverty that comes from sickness and unemployment! I worked hard at that parapet. Gentlemen, that is the crime for which I stand arraigned. I do not say that it will ensure an era of abundance, but it will inaugurate it. I do not say that it is the Millennium, but it brings it nearer. That is

one parapet. Another parapet was Old-Age Pensions, and between them they will help millions of people from stumbling, slipping, and struggling into the dark flood of wretchedness which flows beneath.

The Prime Minister did me the honour of appointing me to be foreman of that job in building these two parapets. While I was helping my colleagues to build them, missiles and mud have been flung at the workers by men who have never carried a hod, who have never done any good work for their fellows. Our Chairman has told you that at first the Tory Press, without exception, received this measure with acclamation. Why, the "Times" in its leading article to-day says that when I first announced my intention of committing this crime, when I gave particulars of the way I was going about it, they received it with a genuine and sincere welcome. These are their words: "An act of oppression, of tyranny, that is wrecking the interest of the nation and crushing everybody," and yet when it appeared the "Times" boasts to-day that it welcomed it with sincere and genuine gratification. What altered their attitude? Why did they depart from their more generous position? Why did they abandon their nobler impulses? I will tell you. They found that, although people may approve of a great scheme, there is just one little kink in human nature that always prefers that somebody else should pay for it. They found suspicion and selfishness arrayed against it; formidable foes, very formidable, and they could not resist the temptation to take advantage of it. I have found a good many men on the other side who always measure schemes for the improvement of the condition of the masses by their electioneering value, and if you say to them, "We are doing this because we think it will relieve distress, will chase away hunger, will cure the consumptive, will lighten the burden of the workers," they say, "Ah! Don't you talk to us like that, we know better. When we bring in housing schemes we do it for none of these reasons, but because our papers say that we must have a programme to please the working classes." They are firmly convinced that we are just the same. Let them speak for themselves. When the Insurance Bill came on first of all, they were full of acclamation. Then they found misunderstandings. It was not a good electioneering measure, and now they are saying, "Thank God that Act is a failure. Why, it lost the Radicals the Manchester election." (A voice: "*It will win many more.*") I quite agree with my friend there. We are a little more far-sighted than they are. We live on a higher ground, and can see much further ahead.

I want to be perfectly fair with them. This only applies to a section. A number of them have behaved nobly—I wish I could say the majority. There are men like Mr. Waldorf Astor, the Unionist member for Plymouth, who with an ability and a devotion beyond praise worked hard for weeks and months to perfect a scheme for applying the Act to the poor consumptives of this country. He has the heartfelt gratitude of millions. I hope that the fact that his name is mentioned with a measure of approval on a Liberal platform will not do him any harm. Mr. Charles Bathurst is as sound a Tory as there is in the House of Commons. I do not suppose that we have an opinion in common, except on the Insurance Bill. He

has worked very hard to preserve the little village societies, and they all owe him a debt of gratitude. Lord Henry Cavendish-Bentinck, who, I believe, is a sincere social reformer, and who does not care for social reform merely for election purposes, but would support it even if he lost his seat—that is my opinion of him from what I have seen—is a sound Tory who abominates most of our views and probably me also, has worked hard on behalf of the outworkers and has helped Sir Ernest Hatch to perfect a scheme for that very numerous class. There are many others scattered about the country who in this unobtrusive way are working for their societies on county committees, and I would not have you believe that I am here to tar the whole of the Unionist Party with the discreditable and disreputable conduct of a section of it. I do not think they are worth mentioning. The gentlemen I have named are patriots first and partisans afterwards. The misfortune with the others is that they are partisans first and patriots a long way afterwards.

What is this last section doing? The industrial system of this country, as everybody knows who has had anything to do with it, is full of complexities. It is an old country; our industries are old and you have one complication springing out of another, and a third complication issuing from that, and a fourth arising out of that again, until every industrial system in this country is one tangle of complications. It is inevitable, but the Insurance Act did not create them. In every social reform you have got to recognise that there are always difficulties. They are always in the way, but you should never allow them to stop you, otherwise you would never get social reform at all, and we are not going to allow them to stop us. What have the extremists in the Tory Party done? Have they helped us to solve these problems? They have hindered us at every step. They have invented difficulties. They have raised difficulties, and have encouraged and multiplied them. The chairman referred to this measure as an ambulance train. What have they done with this train? Have they helped it along? They have put boulders on the line, they have torn up the rails where they could, they have blown up bridges, and if the whole of this train with its precious burden of healing elements for the multitude dropped into the gap they would hail its destruction with a shout of fierce joy. They are treating it as if it were an armoured train full of foes, and not an ambulance wagon for their own kith and kin.

Then they have been engaged in a sort of childish attempt to induce people to defy the law. Children can sometimes raise a dangerous flame if there is much inflammable material about, and there is a good deal, and I would warn them. I am not afraid of passive resistance to this Act. I shall tell you later on my reason why. I know something of passive resistance, but there is no man of sense who will not know that there is a vast difference between protesting against a law when you feel that there is a deep religious conviction involved and a mere squalid protest against paying 3*d.* a week. If the passive resisters had refused to pay the rate because they objected to contribute towards educating the children of other people, all would have said that every man of them who got into gaol got his deserts if that had been his only objection. But there were

millions of Nonconformists who firmly believed that the Education Act was an outrage on conscience. Most of their great leaders passively resisted, but how many passive resisters were there? Not many thousands, and why? We may as well recognise this fact. You have got to reckon with a habit of mind which is woven into the texture of humanity in every civilised community—the habit of submission to law. If you were to probe that habit, you would find at the roots of it the instinct of self-preservation. Why? Because humanity knows from the bitter experience of centuries that in a state of lawlessness no one can tell who is going to be the victor and who is going to be the victim. Not even a strong man knows that he will not meet a stronger or a craftier who will get the better of him. The result is that if you will look at the few periods of lawlessness in our history, you will find that though they never lasted long, the terrors of anarchy afflicted every class, high and low, rich and poor. That is why you will find that the vast multitude of people next week, whatever their opinions upon this Act, will feel that, if they do anything in the nature of defiance of it, they are unloosening the bonds of society and precipitating society to chaos. The beginning of the breaking of laws is full of menace.

Defiance of the law is like the cattle plague. It is very difficult to isolate it and confine it to the farm where it has broken out, and, although this defiance of the Insurance Act has broken out, first of all, among the Harmsworth herd, it has travelled into the office of the "Times." Why? Because they belong to the same cattle farm. The "Times," I want you to remember, is the 2½d. edition of the "Daily Mail." It is very sad. Here you have got the poor old "law and order" "Times," which when law meant pulling down houses that people had built for themselves in Ireland by the thousand and turning the people out in the depth of winter on to the bleak hill-side said, "The law must be respected." When it meant shooting and transporting and gibbeting men whose only crime was that they loved their native land, and loved it all the more because she was poor and suffering, then the "Times" was all for law and order. And even, let me inform my suffragist friends, if there are any of them left, it was all for punishing the window-breakers, all for forcibly feeding them, and I have no doubt that if they broke the law they would like the same principle applied to them when they got inside. But now, when it is a question of paying 3d. a week to keep workmen and their children from starving, the "Times" says, "No more law and order." What a sad end for a fairly reputable career! All this is entirely due to instructions. I watched them week by week very reluctantly assume this attitude. They have been lashed and driven and kicked by their new masters from article to article, from paragraph to paragraph, until, to save their lives, they have gasped out sedition.

The other day they said, "Break the law. They will only fine you one shilling." What an extraordinary doctrine for a respectable paper! Is that going to apply to everything? To poaching, for instance? There are always plenty of hungry people about. Supposing they said, "Well, there is food roaming wild. Let us break the law. Only a shilling. Why, a single rabbit would pay that fine." Is that their notion of law and order?

It is a remarkable position for a paper of that kind to take up, and I think they must be thoroughly ashamed of it. (A voice: "*Piggott!*") That is a fairly old story, but this is a pretty new one. It is coming out in the blood again. They have not, if you look at them, studied the Act. They know nothing about it. If they had only bought a penny pamphlet—just a penny, not even threepence a week—one little copper, and had invested it in my little pamphlet on the Insurance Bill, they could not make the mistakes they are making. Their head is full of chaos, and writing in this chaotic frame of mind they think it is the chaos of the Insurance Act. They do not even know what the penalties are, although I should have thought that they would have studied them. It is not a shilling; there is a second little provision in the Act. We are really not so simple as we look. When we passed this Act of Parliament we had people like the "*Times*" in our mind, and there is a second and very useful provision that if an employer deliberately and wilfully refuses to obey the Act there is after the fine this second step, that he will have to pay not only all the arrears of his own contribution, but those of his workmen as well, so that if they could persuade all their friends not to obey the Act we should have a splendid non-contributory scheme. I think we must send an official lecturer from the Insurance Commissioners to address the staff of the "*Times*" on the Act. There is a third little provision that even if we do not prosecute, and there is not a fine or magistrate's order, if a working man is a member of an approved society the employer is liable for the whole of his benefits unless he has paid his contributions. Perhaps the proprietors of the "*Times*" would like to try it on after that.

You would like to know what the present position is to-day. I have got it here. The figures came to the President and myself just before we started out, and you have got the latest news. I am telling you what no newspaper knows, and what the "*Times*" will probably not repeat on Monday. There are in this country 13,000,000 of working men and working women who under this Act are compulsorily insurable. It is a nasty word, I know, but you will thank me for it exactly as we are thanking Mr. Forster for making education compulsory. There were 14,000,000 when the Act was brought in. Those under the age of 16 were cut out, and there were other exceptions of that kind. We estimated that 1,000,000 would join the Post Office, and that 12,000,000 would join societies. That was an estimate before the Act had come into operation. Now I can announce that before the Act comes into operation there are 9,500,000 members of approved societies. Nine and a half millions! By Monday there will be 10,000,000, and in three weeks or a month—I have got the information from those working on these societies—you will find that not merely the whole of the 12,000,000 will be in, but that at least half of the Post Office contributors will also join societies. I will tell you what is interesting about it. Of these figures about 4,000,000 have joined insurance societies and 5,500,000 the various friendly societies, benefit societies, and trade unions. If I am erring at all, I think I am with regard to the friendly societies. It is probably an underestimate, because I have not

got the full figures before me. As a matter of fact we know that they are getting in members by hundreds and thousands and millions, and when you get the full figures you will find that so far from there being 9,500,000, I am probably 1,000,000 on the right side.

As those engaged in friendly society work know, they had come to a standstill. They were not making progress. The numbers were not increasing. That always happens in every great movement. There is a period beyond which they cannot grow. Something happens. There is stagnation and arrested growth. You cannot explain it. Perhaps in a few years there would have been another outburst, but now they were standing still. What has happened? More members have joined friendly societies within the last three weeks than during the last twenty years, and this is the Act that was going to kill the friendly societies. I will tell you more. Owing to the increasing pressure of sickness it was with difficulty that they were keeping within the limits of solvency. I am not sure whether on a fair valuation there was any great society that could claim to be so. It was not their fault. The pressure was growing, growing, growing heavier, and heavier and heavier, till the burden was almost crushing them. For the first time they will start on Monday absolutely solvent and with a margin to spare. Here is another very remarkable fact about them. There was a letter in the "Times" yesterday—much the best thing there—from a great friendly society official saying that one result of the Act has been that those who are joining compulsorily are insuring for higher benefits. Nine and a half millions, an enormous number of people, who from Monday next will at least have one anxiety swept away from them. They need not fear that they or their little children will starve the next time they are on a bed of sickness. I saw a lurid headline in a Tory paper two days ago, "Lloyd George in the Last Ditch." I shall not be there alone. There will be 9,500,000 of sturdy Britons lining that ditch, and another fact that I am certain will impress my friend Mr. Garvin, who is responsible for that paper, is that every working man in Ulster will be in that ditch fighting for his benefits.

I want to say a word, quietly and confidentially to you, about the doctors. Our critics say, "Well, here you are. You have got nine and a half millions of people, and you say you will have thirteen millions. But you cannot deliver the goods." Oh, cannot we? Wait and see. I am not going to set up the technical plea that there is no contract between the Government and people in an Act of Parliament as a justification. It is no answer to an Act of Parliament that it has not fulfilled the expectations of its authors; but I am not going to say that. I am going to say that there is not a benefit in the Bill which we cannot deliver. What are the benefits? Ten shillings for 26 weeks, or 7s. 6d. for women, because they pay one penny less; 5s. a week during the whole time of a man's breakdown, if it last up to the age of 70; after that, our old friend the pension officer comes in. There is the maternity benefit of 30s. There are special benefits for married women if they take advantage of the Act—very admirable benefits. And then come the sanatorium benefits for consumptives. In introducing the Bill I said there would be £1,600,000 to help local authorities

and local people to build sanatoria, and that there would be something just under £1,000,000 towards the maintenance of those sanatoria. The other benefit was 6s. a year in respect of every insured person for the provision of medical benefit. I stand here to-day, with a full knowledge of the facts, to say that we shall redeem every pledge. The first four benefits—the 10s., the 5s., the maternity benefits, and the benefits for married women—constitute the costliest part of the scheme, with their administration. They do not deny that the money is there.

We said that we would set aside £1,600,000 to build sanatoria for consumptives. We have done it; the money has been voted by Parliament, and the cash is in the bank waiting. And the £1,000,000 which we set aside for maintaining the sanatoria is provided, ready whenever it is called for. Did they really think that in six months you could set up committees, find out how many sanatoria should be built, decide where to build them, purchase the sites, prepare the plans, pass them through, erect the buildings, employ the staff—doctors, nurses, everybody—and have the equipment fully there by July 15? No man in his senses ever dreamt of it. I am the last man in the world to disparage the National Insurance Act, but, after all, it is not an Aladdin's lamp. You do not, by rubbing it, call out palaces from the sky, with a retinue of servants, and doctors, and nurses, and everything ready. The thing has got to be done carefully. The first thing you have got to know is how many consumptives you will have to treat. It is for insured persons and their children, and they have got to be employed first of all, and you are not going to get hundreds of thousands of these people develop phthisis in the first week of their employment. Consumption is a tragic disease, but it comes gradually, and you will have to provide for the victims as they fall. As the plague seizes them you have got to be ready with a helping hand to save them, and we shall be ready. We shall be able to provide them with the best available means now existing. More than that, we shall go on improving them until we stamp this scourge out of the land.

Then they say, "You cannot supply the medical benefit because you cannot get the doctors." Here is a very significant fact. Yesterday we had to find 11 tuberculosis doctors for the whole of Wales. As usual, we are rather in advance there, and we have already collected nearly a quarter of a million by voluntary subscriptions for the purpose of building sanatoria. They will then get their share, and no more, of the £1,600,000. So they will begin; and they wanted 11 doctors to parcel out the country and to superintend the tuberculosis treatment under the Act. They got 57 applications, and the 11 were appointed yesterday, and they were mostly Englishmen. They say we cannot supply the medical benefit. How do they know that? Medical benefit begins from January 15, and a great deal will happen before then. What did we promise? To set aside 6s. per member to pay the doctors. I believe there are many people who honestly think that we are paying 6s. per patient. But it is 6s. per member, whether they are well or ill. So if you get a thousand people in a society and a hundred of them require medical attendance, in a year the doctor gets paid, not 6s. for the hundred, but 6s. for the whole thousand, and

that gives him an interest in keeping them all well. And no bad debts; all good money, paid in advance if necessary. I will get it all in good time, and meanwhile I will keep on fighting. I am not going to say a word in disparagement or criticism of the medical profession, and I would not willingly say a word that would appear to be a gibe. But what does this mean? This 6s. amounts to £4,000,000 a year to pay for doctoring and drugging. The sanatorium benefit means another £1,000,000, and I am assuming that the maternity benefit will be £500,000. That will be £5,500,000 for doctoring the industrial classes of this country provided by this Bill. And, in addition, extras for great operations will be paid for.

It is suggested that I promised to pay the doctors whatever it cost. Can you imagine any man outside a lunatic asylum saying, in advance, that whatever the doctors charge we will find the money to pay? Why, I would not trust even the legal profession under those conditions, and it rather looks to me as if you would not either. We have got a provision that, if the doctors absolutely refuse to come to terms, we shall return the cash to the people to whom it belongs. The sanatorium benefit will go through at all costs, but if the doctors refuse to come to terms, we have got the power to return the £4,000,000 for doctoring to the members themselves, and they, if they are wise, will probably put it back into their societies, and the societies will then consider what they will do. In order to show you what a valuable thing that is—I am not putting it out as suggesting what the societies should do, because it is not my suggestion—I asked the Government actuary what could be done with the 6s. if it were paid back into the societies and the societies were to use it for any purpose that would suit their members. I will tell you the result. To those who joined at 16 they could raise the 10s. to 16s. a week; to those who joined at 21 they could raise it to 15s. 6d.; at 30 to 15s., and even to the man who joins after 40, 14s. a week. And then they say you are robbing the working classes! Of the £4,000,000 which is set aside in that 6s. to pay the doctors, the working classes contribute £1,700,000. The rest is contributed by employers and the State. Is that robbery? If it is, I am prepared to be robbed to any extent, and I will make this offer to the proprietors of *The "Times."* Let them give me £40 for every £17 I put in, and I could eat standard bread to the end of my days.

I am not suggesting what the societies should do with it. That they will consider for themselves very carefully. Perhaps I had better not say anything about that. The Hearts of Oak never had medical benefits, and to my astonishment the other day somebody handed me a leaflet, thinking, I suppose, that I was a likely sort of person to object to the Insurance Act, and I found that Ireland was favoured because she had no medical benefits at all.

What are we going to do? If we promised to give medical benefits, though it cost us millions and millions, we should be bound to see it through. We have promised the 6s., have provided for consumption, and have arranged for extra payments for operations. We are prepared to meet the medical profession. I have always said so. If they can make out a

case that owing to the special circumstances of the Act they are entitled to larger pay, I have the authority of the Government to say that we will recommend the House of Commons to make that provision. But they have got to make out their case. Despite the jeers of the Tory Press I shall pursue the efforts I have been making to come to a friendly arrangement with the medical profession, and will endeavour to persuade every reasonable man in it that if we fail the blame is not ours. Our offer is 6s. The doctors ask for 11s. Eight and sixpence merely for attendance, 1s. 6d. for drugs, and, I think, a shilling for extra service. That is an additional burden of £4,000,000 a year. That will be about 1½d. on the income-tax and 3½d. on tea. I have not worked it out in beer or tobacco or in motor-cars.

I wonder if you saw Sir William Plender's report. I invited the British Medical Association to allow the accounts of doctors in six towns to be examined. We chose Sir William Plender, who is a very great actuary and accountant in the City. We agreed upon the towns. I am not sure that they did not name most of them. In five out of the six towns almost all the doctors handed in their accounts. I was not represented and did not see them. In one of the towns after the inquiry was not more than half way through they would not give him any more information, and I will not say another word about that. The result is very remarkable. It shows that on the whole, and I am speaking as a professional man who knows something about professional incomes, the average in the five towns of the income of the doctors is fairly high. It is £720 a year for each doctor—good, bad, or indifferent. What does that work out at? In one of the towns the drugs are supplied by the chemists. You find that in the east of Scotland. Here you go to a doctor's house and you do not feel well unless you have a bottle in your pocket, and it must be of the right colour. But the Scot knows a better trick than that. He obtains a prescription from his doctor, takes it to the chemist, and watches him weigh out grain by grain, and sees that he is getting his money's worth. Dundee is the town where the drugs are not included, and you must take that into account. For the kind of work we are asking them to do it works out at 4s. 2d., including drugs, per head of the population in England. Supposing that Scottish drugs cost as much as English drugs, and throw in the people in special institutions, it comes exactly to 5s. per head of the population, man, woman, and child, including drugs, tuberculosis cases, which we pay for, and the extra charges. Were we so unreasonable when we offered 6s., taking the whole care of tuberculosis upon our own shoulders, and setting aside £1,000,000 for that purpose, and when we said that if they proved that 6s. was not enough, we were willing to meet them with anything within reason? Their answer is: "Under this Act you say you are going to insist on better attention being given to the working classes. That will cost us more." We say "Very well, we will pay you more and are allowing the extra shilling and £1,000,000 for consumption, but we want to point out that the 4s. 2d. and 5s. includes your swell practice, for which you charge guineas." Everybody knows the way in which it is done. There is a tariff on a certain scale. There are charges of 2s. 6d., 5s., 7s. 6d., and guineas, and it has not worked badly. It has been a method whereby the

well-to-do have contributed towards a great national medical establishment, and I do not criticise it. But in that 5s. the guineas are included.

Can any one say that we have treated them unreasonably and have no reason in offering 6s. ? Even now I say that if they can demonstrate to us that having regard to the fact that they will give more attention to the working classes than hitherto they must be better paid, we will meet them. But it is better that we should be clear and have no misunderstanding. Under no conditions could I go to the Government and say, "I am prepared to recommend you to find an extra £4,000,000 that will more than double the income of the medical profession of this country." I cannot do it.

Now I am coming to the end. The interest of the tax-payer has also to be considered, but I am certain that any fair-minded man in the medical profession will say that my offer is fair and reasonable. I have never swerved from it. If I hit back when somebody hits me, I am a truculent savage ; if I am conciliatory I am climbing down. What am I to do ? I will do what I have done from the start, I will take a straight course. Here is this great national insurance scheme which touches every household, every industry, every trade, and all our interests next week. If there are slips and little stumblings, remember it is the first time that the nation has been mobilised. What for ? Not to wage war upon their fellow-men, not to march into the territories of people who are flesh of our flesh, and blood of our blood, to ravage and destroy, but the nation is mobilised for the purpose of securing health, for securing plenty, and for driving away the privation and hunger that have invaded millions of homes. That is the invader we are organising this army of fourteen millions to meet next Monday. It will start on the march then. They have assailed it bitterly with misrepresentations, with falsehoods, direct, unqualified, which they have refused to withdraw when their attention has been called to it. They have abused its author in a way, I believe, that no Minister of the Crown has been assailed in my time. My race, my origin—they are all the topics of their vituperation. I am proud of both. There is one quality that my little race has that gives them peculiar offence, especially the dullest amongst them, and that is the gift of imagination. It has pulled me through many a fight, and it will pull me through this, because, when insults hurtle through the air, I can always see a vision on the horizon which sustains me. I can see now the humble homes of the people with the dark clouds of anxiety, disease, distress, privation hanging heavily over them. And I can see, again, another vision. I can see the Old Age Pension Act, the National Insurance Act and many another Act in their trail descending, like breezes from the hills of my native land, sweeping into the mist-laden valleys, and clearing the gloom away until the rays of God's sun have pierced the narrowest window.

SPEECH ON
LIBERAL FINANCE: A REPLY TO MR. BONAR LAW

Delivered at the City Liberal Club, February 3, 1912

One of the gravest charges made against the Liberal Government at the beginning of 1912 by Mr. Bonar Law and his followers was that they had inaugurated a "Spoils System." Speaking at the Albert Hall on January 26, 1912, Mr Bonar Law said:

"In six years they have increased our national expenditure to the extent of forty millions sterling a year, or, if you leave out old age pensions altogether, to the extent of more than twenty-five millions a year. Where has the money gone? A large part of it—well, a considerable part of it—has gone to the creation of a swarm of new officials, who, like locusts, are devouring the land. In six short years they have appointed between 4,000 and 5,000 new Government officials, and of that number more than 3,000 are appointed without any system of competition whatever, but at the will of the Executive. Remember this—revolutionary governments are always corrupt governments. They have succeeded in six years in creating a political spoils system which already rivals that of the United States. But there is this difference. For years the people of the United States have been striving earnestly to put an end to that system; the Government have striven with equal earnestness and with more success to create it."

The Chancellor of the Exchequer replied to Mr. Bonar Law in the speech which follows.

YOU are very good to come on a Saturday afternoon, when you might have been more profitably and pleasantly engaged on the golf course, to hear an address from me upon political and financial topics. The City is rather a chilly atmosphere for Liberalism. By the next election I trust we shall get rid of the refrigerating influence of the plural voter, and that the City will return to that Liberal allegiance which it owed in its palmiest political days. As I came along I read in a newspaper which is very brilliantly edited that there was a serious split in the Cabinet and specially a great feud between the Prime Minister and myself. It is very odd. We parted at six o'clock last night in the most cheerful and friendly manner. Some of us met this morning, and we were utterly unaware of the split. It must have been something which happened when we were asleep, because the Prime Minister and myself know nothing about it, and the Cabinet is happily unconscious of any feud of the kind.

Our opponents at the present moment are elated with the result of a few by-elections. I remember that Mr. Labouchere used to say to us

young fellows when we went up to him with the news of a by-election, when the General Election was three or four years off, and the country was coming our way, and we were going to win in a canter. Mr. Labouchere would say, "Have you ever been to the Derby? You never can tell which horse is going to win by looking at the position of the horses before they reach Tattenham Corner." Well, we are a long way off Tattenham Corner, and you can have no better illustration of that than the election that happened yesterday. In April, 1909, there was a by-election in the same constituency. We had a powerful local candidate, the Lord Provost of Edinburgh, who resided in that very constituency. He managed to win by something like 400 or 500. After a few months there was a General Election, when we carried the country by 120, and his majority went up to two or three thousands. It is rather premature to make a fuss about a few by-elections. In the month of May I introduced a little non-contentious measure to the House of Commons, called the Insurance Bill, which was agreed to by both sides of the House, and has been mutually accepted by them ever since. Since that event we have had twenty contested elections in this country. We have had these elections in constituencies that represent every class—industrial constituencies, agricultural constituencies, every kind of constituency. Out of twenty elections we won fourteen, and only lost six. That does not look as if the country was going against us at the present moment. They say, "These seats were held by Liberals prior to the vacancies." They were constituencies where the Liberals were in possession in moments of Liberal triumph; if you look at 1895 you will find that in these constituencies eleven were held by Tories, nine only by Liberals. Now fourteen are held by Liberals, and only six by Tories. And had it not been for the split in Oldham there would have been fifteen by Liberals and only five by Tories. All I can say is this, that if they get inebriated by this kind of stuff, it is a very weak head that gets intoxicated by such a thin brew.

They have recently changed their leader. For the old leader I have never concealed my unfeigned admiration. It is not merely now he has resigned; I have always expressed it when he was in full command. Any one who wants to realise the loss to the tone and quality of public life which has been caused by his retirement has only to read the speech of his successor at the Albert Hall. He is an able man, but in that exhibition he did himself an injustice. Shortly before Mr. Balfour's retirement, I remember, at a Tory meeting where his leadership was attacked, one gentleman got up and proclaimed that they were suffering from too much intellect. Mr. Bonar Law, judging by his Albert Hall speech, is going to take care that they will suffer no longer from that malady. They are exceedingly delighted by this performance, and with one or two others. I remember in the House of Commons when, at the end of a great speech he said, "The road to Hell is paved with good intentions," they shouted: "Is not that brilliant?" and "How original! Nobody ever thought of that before." He turned round and pointed to the Treasury Bench and said: "You ought to be in gaol," and they said, "Wonderful!" At the Albert Hall, in a regular crescendo of vituperation, he said "Dodgers,"

"Lunatics," "Gambling cheats," "Gadarene swine," and they said in a perfect delirium of triumph, embracing each other, "Balfour could never have said things like this." Nor could he. It is what they have been accustomed to—the same familiar phrases, witticisms, jests, arguments that they have been accustomed to hear from their own respected members. It is so flattering to them to hear their own ditties sung by a prima donna on a great occasion. It is true that no idol ever succeeded for long in retaining the devotion of a people if it was too much above their level. That is why Mr. Balfour did not succeed; that is why Mr. Bonar Law is succeeding. But I am not here to deal with his invective, but with his figures. His followers are creating a legend that whilst he is deficient in the higher arts of oratory, he has always got a firm grip on facts. So he has—a grip so firm that he never lets them go to his audiences. We who have had the privilege of listening to him a good deal in the House of Commons and of reading his speeches know that he is a clever man, but that he is about the most inaccurate politician on any Front Bench. And this speech rather illustrates it. He singles out the War Office and the Exchequer for attack. I will give you one or two illustrations of his facts.

This is the charge he brought against Lord Haldane, and it is the most serious charge you can bring against a War Minister, and, therefore, ought not to have been made without very careful inquiries. He said: "Our Regular soldiers are armed with weapons—and it is still truer of the Auxiliary Forces—which are utterly inferior to those of the armies of other nations, and, if the time comes when our soldiers are brought face to face with Continental armies, they will suffer in the inferiority of their weapons a handicap which no courage can overcome." He charges us with being just as bad as our predecessors, and I cannot conceive a graver accusation than that. Well, first of all, it is untrue, and, if it were true, the responsibility is not ours. These weapons, such as they are—and I am assured what he says about their quality is absolutely inaccurate—were chosen with one exception by the Unionist Government. The rifle was chosen by the Unionists; the field gun was chosen by a Unionist Administration. The only weapon which was not chosen by them was the howitzer, and I am informed that that is the best weapon of its kind in Europe.

The "Times" has a word to say to him about this—it is too much even for the "Times"—and their very able and well-informed military correspondent says: "When we are told by Mr. Bonar Law that the weapons of our Army are utterly inferior to those of other nations, the first thought that occurs to us is that some members of the Unionist Party deserve to be hanged, for our present rifle and our present field gun were both introduced by a Unionist Government." Deserve to be hanged! That may be the reason why Mr. Bonar Law has suggested it, because there were certain members of the late Unionist Administration he does not want to be encumbered with if he ever comes to form one of his own, and he might have started the inquiry with a view to initiating a court-martial upon those people, and thus dispensing with any prospect of having to engage their services in the future. But what is to be said of a leader of a great party who brings an accusation of this character against

a Minister of the Crown without even taking the slightest trouble to find out what the facts were? I would rather not try to express my opinion in words upon it. My poor command of invective is inadequate. I could only use Mr. Bonar Law's language, but I am sure you will excuse me, and, therefore, I would rather leave the facts with you to judge for yourselves.

I come to his treatment of finance, and that is what I am mainly concerned with this afternoon. I think it is impossible to produce a parallel from the speech of any great political leader for the palpable and gross misstatements which he has made in regard to finance, and it is really difficult to explain how a man of Mr. Bonar Law's intelligence could have made them. He said: "In six years they"—that means the Government—"have increased our national expenditure to the extent of £40,000,000 a year, or if you leave out old age pensions altogether, to the extent of more than £25,000,000 a year." Take this as an illustration of his slipshod methods. The first thing he has overlooked is that prior to Mr. Asquith's term of office at the Exchequer most of the local taxation grants were paid direct to the local authorities. Afterwards they had to pass through the Exchequer account. No more money was paid under that head; it was purely a matter of bookkeeping. The money thus paid, £8,000,000, was added to the aggregate expenditure by Mr. Bonar Law. Fancy a business man calling that an increase of expenditure. He never knew about this. It is what he would call a trifling error—only £8,000,000. There is another little error. The late Conservative Government was in the habit of borrowing money for purposes that really ought to have been met out of actual revenues. Mr. Asquith very properly changed that, and instead of borrowing money for all kinds of purposes he paid out of the current income of the year. That is rather a substantial difference. It is not a real increase of expenditure, but it is a much more honest way of meeting it. That brings the £40,000,000 down at once to something like £29,000,000, which is a trifling error of £11,000,000.

Take the rest. I want to ask Mr. Bonar Law and his friends this. I am going to enumerate the items in respect of which expenditure has increased and ask Mr. Bonar Law to name one of them to which they object. If they do not object they have no right to cry "Shame" at public meetings. The increase on the Navy is the largest; the expenditure has gone up by £7,750,000. First of all it came down, but for the whole period of the Liberal Administration that is the amount by which it has increased. I am entitled to ask Mr. Bonar Law: Does he denounce that item of expenditure? Do his friends cry "Shame" on that? The next item of increase is the Post Office. That has gone up something like £5,250,000. Why? Expanding trade, more letters, more telegrams. When we have Tariff Reform we shall save a good deal of that expense. Agreed! But meanwhile I am entitled to ask: Does he condemn that? It is true there is about £750,000 increase in the salaries—in the lower salaries—of those engaged in the postal service. I think I should like to ask Mr. Bonar Law whether he condemns that. It would be interesting to know it, and very useful. Now, there is education. Education has gone up by £3,250,000. Does he object to that? I should not be surprised

if he did. Increased expenditure on education I should not have thought was very advantageous to the kind of theories he propagates. The last item is roads. There is an increase of £600,000 upon improving roads. We have made the motorists pay for that. I do not observe much of a cheer for that—£600,000, and the money which has been spent upon agricultural development.

I should like to know from Mr. Bonar Law or his friends which of these items he condemns. I will tell you. Four-fifths of those items he and his friends tried to increase in the House of Commons. With old age pensions, although they never gave them themselves, the moment we attempted to give them they tried to embarrass us by moving amendments for increasing the burden in every direction, and making it impossible. With the Navy they have always pressed us to spend more. Is it fair, is it honourable, to go to a great public meeting and hold us up to obloquy for an expenditure, most of which he not only did not condemn at the time we incurred it, but which he actually pressed us to increase?

So much for that part of his statement. I now come to something which is still worse. He tried to explain where this £40,000,000 had gone. He did not say that the difference between £25,000,000 and £40,000,000 had gone to old age pensions. That is a slight inaccuracy of £2,000,000 a year; rather good for Mr. Bonar Law. It is only £13,000,000. But then he said, "What about the rest, the £25,000,000?" These are his words, and as I do not wish to misrepresent him I will quote his actual speech. "Where has the money gone? A large part of it—well, a considerable part of it—has gone to the creation of a swarm of new officials, who, like locusts, are devouring the land." He then explained that the locusts devouring the land numbered in all a little over 4,000. Not a very large swarm. Let us see what this means. What is the implication of that statement? It has already been made by Tory speakers and the Tory Press. The suggestion is this: That the enormous increase in expenditure is largely attributable to the creation of new offices. Barely one-thirtieth of that expenditure is due to new offices—one-thirtieth. "A great part of it," says Mr. Bonar Law. No, barely one-thirtieth. Suppose Mr. Bonar Law were at a meeting of shareholders, and there had been an increase in the expenditure of the year of £25,000, and Mr. Bonar Law gets up and denounces this, and says, "It is largely attributable to the increase in the staff," and the Chairman says to him, "No, only £750 of it is attributable to that increase in the staff." Don't you think the whole of the shareholders would rather treat his statement very lightly? This £750 out of the whole £25,000 would be attributable to an increase in the staff. Yet he tried to create the impression that a considerable part of it was due to that.

But he goes on to charge us with political corruption. That, I think, is the most serious charge you can bring against any Administration. I cannot think of any worse. These are the words he uses: "Remember this. Revolutionary Governments are always corrupt Governments. They have succeeded in six years in creating a political spoils system which already rivals that of the United States. But there is this difference. For

years the people of the United States have been striving earnestly to put an end to that system. The Government have striven with equal earnestness, and with more success, to create it." Just think for a moment what that means if the ordinary interpretation is to be placed upon words. What is the political spoils system of the United States of America? It means that when one party goes out and another comes in you turn out pretty well all the officials. The Consuls go, the Postmasters go, the Civil Servants are largely changed, and then you fill the vacancies with those who served your party. Does Mr. Bonar Law really mean to suggest that anything of that kind has occurred? If he does not, what does he mean by using such language? Probably, what he really means to suggest is that as far as these 3,000 or 4,000, or 5,000 new officials are concerned, we have used these new appointments for rewarding political services, and that we have just filled these offices with our own partisans. That is probably what he means. It is not what he says. But putting it in that modified form, it is absolutely and utterly untrue. And as it is a charge which is very frequently made—I suppose it is a charge which is much more often made from the Tory platforms than almost any other—I am going to ask your patience to listen while I am examining it.

There have been four Acts of Parliament passed during the lifetime of the present administration which have involved the creation of new offices—the Old Age Pensions Act, the Labour Exchanges Act, the Finance Act of 1909-10, and the Insurance Act. Three out of the four were accepted in principle by the Tory Party. The Finance Act was rejected, therefore they have no responsibility for that. In order to carry out the functions of any one of these Acts of Parliament it was absolutely necessary that you should create new officials. The second thing I want you to bear in mind is that there was no Civil Service examination at the moment applicable to the new functions that were created, and that therefore you had largely to draw upon outsiders. In future Civil Service examinations can be set up which will enable persons to qualify for these posts, but they must be special examinations. You have not got them now, and we have had, therefore, to fill a very large proportion of these offices from outside the Civil Service. I think that is common ground, and that no one denies that the whole point is this—did we take advantage of that in order to job political partisans of our own into fat offices that we ourselves had created? Most of these fat offices, allow me to observe, are under £150 per annum.

I will take the Pensions Act first. That is about the most cheaply administered Act ever passed by Parliament. I may remind those who criticise the Insurance Act that it was said at the time that the machinery of the Pensions Act was cumbersome, that it was a very badly drafted measure, and that it would hopelessly break down in working. There never was an Act that worked more smoothly. How did we fill the new offices under it? Exclusively from those who had passed examinations for the Excise. So far as I can find out, not a single official was appointed from outside. So there was no political partisanship under that Act; we will rule that out to begin with.

The second case was the Labour Exchanges Act. Then there was no Civil Service examination that would qualify, but Mr. Winston Churchill, who was then President of the Board of Trade, felt that it was very important that these appointments should be above suspicion of jobbery, and instead of appointing officials in the Labour Exchanges himself, he set up a committee for that purpose. They will say, of course, that was a very clever expedient, that Mr. Churchill is a very ingenious and clever man, and that he set up a committee as a kind of buffer. Let me tell you how it was constituted. It was a committee of three. The chairman was the chairman of the Civil Service Commission, appointed as an officer of that Commission by a Unionist Administration. The second member—and he was the only politician on the Committee—was Mr. Shackleton, one of the most respected of the Labour members. The third was a member of the Tariff Reform Commission—not a single member of the party to which the Government belonged. Can you imagine Tammany doing that? I don't think that is quite the method of the United States of America.

Now I come to the Acts for which I am more particularly responsible. Under the Finance Act, the much controverted Budget of 1909, there were new officials appointed for the valuation of the land of the Kingdom—a few hundreds. Neither the Prime Minister nor myself—we are both Treasury officials—ever interfered with a single appointment. The appointments were all made by the Inland Revenue, without ever being submitted to us. They were chosen, I need hardly say, upon merits. I should be the most foolish person in the world if I ever dreamed of appointing them for any other reason, because if I had filled the valuation department with political partisans without any regard to their merits, it would have been the one way to bring failure and discredit upon an Act of Parliament which I am personally concerned to see a success. I do not know what parties they belonged to. It was no concern of mine. But since these attacks have been made I have made certain inquiries, and I find that the vast majority of them are Unionists. That does not look like the methods of Tammany.

The last Act is the Insurance Act. When that was passing through the House of Commons I gave an undertaking that the Government would take no part at all in any appointments, except the appointment of the Commissioners themselves and their four secretaries. I gave another pledge—and I ask you whether it sounds like Tammany—that a minute should be issued on the subject. Here is the minute: "Any attempts made by candidates seeking posts of whatever nature or grade under or in connection with the Insurance Commission to enlist support for their applications on political grounds, or for political purposes, whether through members of Parliament or in any other ways, will be regarded as disqualifying such candidates for consideration or for employment by the Commission in any form." Are those the methods of political corruption in the United States of America? If they are, I don't see what there is to complain of. We have just appointed the Commissioners and the four secretaries; we have done no more. Who are they? Opponents may say: "But, of course, you packed the Commission, and relied upon them to do the rest."

Did we? Take the English Commission—four of them Civil servants, the secretary a Civil servant, and there is one politician. He used to be a Labour member, Mr. Shackleton. The rest are men who by their very occupation could not take part in political work. I have no notion what party they belong to, and I don't think anybody else has. It is their business to keep out of politics, and they have done it. There is no strong political partisan amongst them, from A to Z, not one of them. As for the Chairman of the English Commission, he is a gentleman who was appointed to a permanent post in the Civil Service by Mr. Balfour. He was associated with an Act of Parliament which was more detested by Liberals and Non-conformists than any other measure since the Five-mile Act. Was that his qualification? He is a very able, an exceptionally able, and energetic Civil Servant. That was why he was appointed, and for no other reason.

Mr. Bonar Law suggests that we have appointed politicians; that we have appointed men of our own political way of thinking; that we have used those Acts of Parliament for the purpose of bribing and corrupting. I ask him to name one of these Acts of Parliament under which such appointments have been made. He even goes further, and this is the meanest of his suggestions. He suggests not merely have we used them for that purpose, but that we used them for the purpose of filling these offices with Welshmen. I should like to ask him, Where are they? There is no proof of it at all, except that they are competent and efficient. I am bound to consider that as *prima facie* evidence, but beyond that there is none. But surely in our own country we are entitled to put Welshmen in public offices in Wales. I respectfully and very humbly submit that we are. But taking the Welsh Commission, there are only two politicians on it. One is the Progressive member of a County Council and the other is a Moderate on the London County Council. For what services is that particular politician rewarded?

The real reason why he has done it is, I am afraid, too apparent. You find second and third grade politicians in the Tory Party always stuff their speeches with talk of this kind, and the baser kind of Unionist journal does it. You read what they say and what they write and print. It is the innuendo that we put up the taxes of this country by £25,000,000 and £30,000,000, crushing industry by their burdens. What for? Not for the Navy, not for the poor old people who have attained seventy years of age in the service of the State. Not for education. No, but in order to find jobs for Radical politicians. This is the innuendo, and Mr. Bonar Law has simply attempted to give official currency to what, if he had given a moment's examination to it, he must have known was a falsehood and a base charge against the Government of the country.

Then he comes on to my land taxes. What does he say about them? He said that I estimated the first year they would produce £500,000, but I have actually collected £20,000, which, he said, was a "trifling error." The cost of collection, he said, was £500,000. Ludicrously inaccurate. In the first place, I estimated they would produce £500,000, but considerable alterations and concessions were made in the course of the Committee stage, which undoubtedly have had the effect of postponing for two or three

years the full fruition of those taxes. You had to give notices of a year, and there have been reasons of that kind which make it impossible for us to collect the undeveloped land taxes and the unearned increment for some time, and certainly not until the valuation is complete. But take all that into account, what have we collected? Not £20,000 in the first year, but £327,000, sixteen times more than he said. "A trifling error." The cost of collection, not half a million—£16,000. Another trifling error.

Of course, the valuation is costing money. Valuation is not collection. Any business man would have known that. When you are revaluing a Union for Poor Law purposes, no member of a Board of Guardians or a Parish Council would ever dream of putting the cost of valuation, which only occurs once every thirty or forty or fifty years, and charging that as if it were the cost of collection for every current year. The valuation of the whole of the United Kingdom is a huge job. It will take four or five years, but once it is done, it is done for your time and for mine, and done for many other things too. I will tell you one thing it has done for. It has done for the under-estimation of the value of suburban land for death duty purposes. We have collected more in consequence of that valuation, although it is incomplete, by £400,000 or £500,000, than we would have done without it. That is enough to pay the cost of valuation for the whole year, so even on that transaction the account is square for the moment, and by and by it will improve.

Now, it is necessary to sweep away these myths, we will call them, because I do not want to use strong language, in order to get the real facts in regard to our financial position. What are the real facts? The Budget of 1909 has been attacked from every point of view. But there is one thing that I challenge any man who looks at the facts to deny. As a financial instrument it has been a complete success. After all, the main object of a Budget is to raise money. From that point of view it has been a complete and unqualified success. I was faced when I came to the Exchequer with a very heavy deficit. I was not responsible for it. What was responsible for it? Two items that the House of Commons as a whole accepted—not merely our Government, but the Conservatives—Old Age Pensions and the Navy. Naval expenditure had gone down for two or three years. Then came a great scare, up it went, and it has gone up, I think—I am quoting from memory—since then by £12,000,000. That is a huge sum of money to have to find. Old Age Pensions cost £13,000,000, and there were one or two other items. I knew that I was face to face with a deficit of £16,000,000 in that year, and a prospective deficit of anything between £25,000,000 and £30,000,000. That was a very serious position for a Chancellor of the Exchequer to find himself in, even if I had been a man of very great experience of the Exchequer—it was my first year.

But I was not the only Chancellor of the Exchequer in that difficulty. Germany was in that position. I think France was more or less in that position, and the United States of America was in that position. We had all to raise very considerable sums of money, largely due to the increased cost of armaments. Let me remind those who attack the Budget and the Government and try to imply that it was a Socialistic expedient what

happened in another country where another Chancellor was struggling with the same perplexities. The Conservative Party in Germany refused to allow the Chancellor there to resort to anything in the nature of the kind of taxation that I was resorting to here, so he was driven to other resources. What has happened? There has been an upheaval in Germany, and largely upon that Budget there has been a poll of four and a half millions of Socialists. That was a Conservative Budget which created four and a half millions of Socialists. I had a Budget attacked by Socialists. It is a favourite weapon of criticism against me, especially to quote Socialistic speeches or Socialistic articles denouncing me, whilst at the same time they charge me with being a sort of Socialist in disguise. If I had resorted to Conservative finance there would have been ten times as many Socialists in this country. And let me say quite frankly to Liberals that they must bear that in mind. It is the one way to create extreme Socialism in this country, to decline to advance on broad, sympathetic lines as far as the mass of the people are concerned. No one knows that better than the Socialists themselves, and that is why they always attack me and my legislation much more bitterly than they have attacked Conservatives.

I had thus to meet a deficit, and I also took into account in framing my Budget that there might be other items of expenditure within view. I thought the best plan was so to frame it that the taxation would not merely meet the need of the hour, but meet the growing needs of the next few years, so that there might be no necessity for coming again to worry the taxpayer. What has been the result? The first year there were two or three of the taxes that did not come into operation through no fault of mine—and through no fault of the chairman—but at any rate we have met all our liabilities. We have met liabilities I did not expect at that time. The Navy went up beyond my anticipation—still I have met that increase. In addition to that we have given to the local authorities what is equivalent to a million and a half in pauper pensions which we did not expect. We have paid large sums of money for reducing the Debt. We have had a comfortable margin in addition to that, and I am facing the future without any fear of putting on fresh taxation. That is the Budget that failed.

But they say "Yes; it is at the expense of the Sinking Fund. You are not paying debt as we did." No; not quite in that way, but in another and more effective way. Let us examine that, because it is another of their favourite misrepresentations. How did they pay debt? They paid debt with quite a respectable Sinking Fund—large, handsome, liberal—and then they went and borrowed so that at the end of the year, although the Sinking Fund might have been £10,000,000 or £11,000,000, they only just paid in balance about £4,000,000. They got the credit of a great Sinking Fund, and at the same time they got the advantage of borrowing money on the market and allowing us to pay for it. We are paying those debts now. That is their method. They squandered money everywhere which they borrowed in this reckless fashion. You cannot go to any quarter of the globe, but you find deserted and ruined barracks which they set up—one of them converted into a swimming bath—South Africa littered

with them, not during the war, but afterwards. They lavished money, they threw it away, borrowing on the market, and we have been paying ever since.

What is the history of this Government which they have the face to attack in the papers as not paying debts? We have reduced the total indebtedness by a larger figure than any Government that ever administered the affairs of this country. That is a big statement to make, but I will give you the facts. Mr. Gladstone in his great days, between 1860 and 1866, reduced the national indebtedness by £16,000,000. Between 1880 and 1885 he and Mr. Childers reduced the national indebtedness by £31,000,000. Mr. Goschen, between 1886 and 1892, had the greatest record of all up to that date. He reduced the national indebtedness by £40,000,000. Then comes the Tory Administration of 1895 to 1905. In ten years they increased the National Debt by £136,000,000. These are the people who criticise us now. But then they say, there was a great war. Very well, we will leave the war on one side. Take the piping times of peace. They had seven years of peace and three years of war. During the seven years of peace they reduced the national indebtedness by £26,000,000—less than £4,000,000 a year. I am talking now of net reduction; that is the only thing that counts. Then comes the present Government. During our six years we have paid a net £61,000,000, largely due to the Prime Minister's finance. I can only plead that I had to meet a very exceptional strain, old age pensions and all those other heavy charges. But taking the finances since the Budget of 1909, when we had to impose heavy taxes to meet exceptional charges, since then we have been redeeming debt at the rate of £7,000,000 a year. That is net. For instance, this year I had to find £3,000,000 for the telephone. I am taking that out. It is not to build barracks in South Africa. It is for something which you get a return for. It is not a real charge, but I am deducting that, and but for that I should be paying at the rate of £8,000,000 a year. I am paying more by £3,000,000 a year in spite of these exceptional charges—paying their debts very largely—I am paying more by £3,000,000 a year than they did “in times of piping peace.” And they have got the effrontery to charge the Liberal Government with not paying off debt. That is our record, and we are proud of it.

“Ah, but,” they say, “you have burdened industry.” Well, now, you cannot incur huge expenditure without burdening somebody. They demanded expenditure on the Navy. We assented. They promised old age pensions. We gave them. How can you do those things without somebody paying, and whoever you tax he would always suggest some one else ought to pay. And when they talk about industry being crippled by our finance, about trade being over-weighted, what are the facts? We are saving more money this year than has ever been saved in the history of this country. What about trade? In the year 1908, before the Budget, unemployment in this country averaged nearly 8 per cent. This last year, 1911, after three years' experience of these crushing burdens, unemployment dropped to 3 per cent. Since 1908 our imports per annum have increased by £64,000,000. Our exports have increased by £77,000,000. I see no

signs of an overstrained industry. I cannot even see symptoms of the bad winter that Mr. Bonar Law hailed with joy as the deliverer from the bondage of Free Trade.

Consols have fallen. True. But all Government securities throughout the Continent of Europe have fallen, and it is only an amateur in finance who would ever have dreamed of attributing that to Budgets. It is a matter for looking into, a matter for grave consideration, but clap-trap like that which was talked in the Albert Hall is no contribution ; it confuses the issues. For Heaven's sake let us get at the truth and the facts. Do not let us mix our finance and our politics when we come to examine a problem of this kind. It simply leads people astray. From 1898 to 1905 there was a fall of 21 points in Consols. Since we came to power there has been a fall of 12 points, and yet the whole of that fall is on our shoulders. You might have imagined that up to the last hour of the Conservative Government Consols were rising, but the moment we came down they dropped like the gentle rain from heaven—or rather like a hail shower.

Now what are the reasons ? They are not political, or mainly political. As far as politics affected them, I tell you what affected them—the South African War affected them. You cannot borrow £140,000,000 on the market without putting down Government securities. You cannot borrow five or ten millions without putting down your Government securities, so the Irish Land Act, with the constant recurrence to the market, has also had the effect of depressing Consols. What else ? One cause, which is political in the sense that Parliament is responsible for it, and a very important cause, is the widening of the area of trustee investments. The Conservatives are partly responsible for that ; we are partly responsible for it. I will come to that by and by, because it is very important, but what is the other cause ? The reduction of interest for Government securities, whilst interest generally was going up. That was bound to affect Government securities. Had all interest been going down at the same time, then it might not have affected them injuriously, but whilst people are expecting a higher rate of interest for other things, to put down Government interest on Government securities must necessarily have a depressing effect on Consols. These are causes for which the Conservative Government was in the main responsible. I am not for a moment criticising or condemning them ; I am just pointing out that for most of these causes they were responsible.

I will just give you an illustration with regard to trustee investments, which is a very important one. Before the year 1888, when Parliament started first of all widening the area of investment for trustee investments, trustees had securities which were worth £1,000,000,000 to choose from. That was all. Out of this £1,000,000,000 no less than £700,000,000 were Government securities, so a trustee choosing an investment under the Trustees' Investment Act had only £300,000,000 worth of securities outside Government securities to choose from. You see what the effect of that is. These £300,000,000 were not always on the market. If they wanted to go outside they had to wait until some of those securities came their way, and it was practically a method of forcing trustees to invest in Govern-

ment securities. They had no option under these circumstances but to buy Consols, unless they were fortunate enough to pick up something which was outside the area, and these were put up also by the fact that there was a general restriction. That was equivalent to a tax on trust funds under the Trust Investment Acts—a tax of anything from half to one per cent. upon trust funds, because the advantage was the advantage of the State. What happened? In 1889 came the Act of Parliament opening the door to other investments. That was a Tory Act. In 1893, when the Liberals were in, came another Act, further widening the door. By these Acts municipal stock, I think Indian stock, railway stock of certain kinds, were all brought within the area of the trustee who had no special powers in his trust instrument. Then came Mr. Chamberlain's Act of 1900, which threw open Colonial stocks to trustees.

Let me show you what that means. Before the first of these Acts there were only £300,000,000 worth of securities outside Consols which a trustee could choose from. To-day he can choose from securities worth £1,800,000,000 outside Consols. Can any one say that politics, Budgets, Chancellors of the Exchequer, have anything to do with a depression which is so plainly attributable to one palpable fact of that kind? The field has been widened six times in the course of those few years. It is true that these Acts did not operate at once. They began to operate gradually. These stocks have continued to increase, and therefore they have had a continually depressing effect upon the value of Consols. It is no use making speeches about Budgets putting an extra twopence on the income tax, putting something on tobacco and whisky, and saying: "That is what has depressed Consols." Let us really consider this thing from the point of view of serious men who want to get at the bottom of it.

I will give you another fact which will show why during the last few years Consols have been injuriously influenced. In the years 1897-98 the South American States had not recovered their credit, and they were not a favourable area for investment. There was hardly any British money flowing into their coffers, and the field for investment was considerably limited abroad for these reasons. Therefore home investments were about the only opportunity for favourable investment for men who had money to spare. It had the effect of driving men into breweries. They took to beer, much to their cost. It accounted for the inflated values that were put upon public-houses and brewery shares in those days. I suppose that would be regarded as putting money into British industry. That was not the fact. No British industry was really developed or strengthened. Those who were promoting them did very well, so did those who held properties, but there was no developing of industry at home. Looking at the accounts of those years you might have imagined that scores of millions had been spent upon British industry. Nothing of the kind. As a matter of fact, if this money had been spent upon railways abroad it would have been better for British industry, because in the vast majority of cases orders come here and the money is really spent here. If you send millions of money abroad the cash is not shipped in a vessel. They all seem to think that people from the provinces bring their sovereigns to the City

of London, that they are gathered together in bulk somewhere, and that then they are sent under a guard to a ship going to the Argentine and unloaded there. No cash passes at all. It is all in business, and we don't do business as a rule in this country without getting something out of it. The result is that at the present moment we have the largest trade we have ever had in the history of the Empire.

Don't take it from me that I said the question of Consols ought not to be looked into. On the contrary, I think it ought. But let us have a judicial examination. Let us have a really financial examination, and not a political one. Let us have an examination where everybody can present his own view—and I have not met two men who agree. There may be three or four parties in this country upon a question like Home Rule, but there are at least 100,000 on a question like Consols. I don't say they can all present their views, but let them at any rate submit their particular suggestions and remedies to the Exchequer. I will promise them a most faithful examination, most impartial consideration, and I will promise them from that examination all mere political bias will be eliminated. All I ask is that in their presentation of the case they shall do the same.

Two considerations I would, in conclusion, put to you on the question of Consols and finance. You cannot altogether take out of account when you are considering the position of Consols the fact that there has been a regular campaign to decry British credit. British securities; no good! British Government Securities, British Railway Securities; they are of no use! You must go abroad! Germany is the country! If you had a bank in a town, and you got some of the most reputable and respected citizens standing on the doorsteps saying: "The credit of this concern has gone down steadily under the new management; the only place that is doing well now is that German bank across the road," it would injuriously affect the credit of that bank; and if you had advice given to you privately, "Don't invest in the British concern," if you had the newspapers constantly decrying the credit of that bank, and speeches delivered, of course it is bound to have a depressing effect. What I say is, to do that when it is injuring innocent people, when it is putting down the value of their property, and to do it callously and recklessly, not to serve a public and patriotic purpose, but a purely partisan purpose, is one of the most discreditable incidents in the history of the country. To say our credit has gone, our reserve is vanished, and that if we were confronted with an emergency we should be bankrupt, it is grossly unpatriotic, and it is utterly untrue. There was never a time in the history of this country when this country was better prepared to face any emergency which may come.

But if you want really to effect an economy in finance, and we all do—who is it that rejoices in increased expenditure? The Government do not. If you really want to effect an economy you must arrest the growth of armaments. When the Unionist Government came into power in 1895 the aggregate cost of the Army and Navy—and that is only sixteen years ago—the aggregate cost was £39,000,000. When they left office, if you include what they called temporary borrowing, but which was really expenditure for the year, it came to £70,000,000, an increase from £39,000,000

to £70,000,000 in ten years. We honestly thought we could have put it back, but pressure of events has been too great, and this last year our expenditure for the Army and Navy was £72,000,000—a gigantic sum, a hideous sum, when you begin to reflect how much there is that has to be done to remove human misery. Seventy-two millions! Are we at the end of it? Don't forget this. There are men applying great brains working assiduously to devise new machinery of slaughter, and however these machines may differ, they have all one common characteristic, that the newest is the costliest. It is but a short time ago when we shuddered at the thought that a single battleship cost a million pounds. They cost two millions now, and they are going on improving.

Let us here again face the facts. Until you remove national envies and jealousies and fears and suspicions, you will never arrest the growth of armaments. That is the first thing to do, and I believe that this is the most advantageous moment—in spite of a good many conditions which are adverse, this is the most advantageous moment to consider it. We are not alone in realising that danger may arise from the international atmosphere. In spite of circumstances which we all deprecate, recent events have had the effect of calling the attention of all nations to the perils of the position. I am not going back upon any past circumstances. I am not going to defend the Government or to criticise others. I am not going to defend myself, or any part which I took. Why? Not because I am not prepared to do so, if I think it desirable, but because I am convinced that the more you go on justifying the more you keep up the irritation. There is one very favourable circumstance. Morocco, which was a constant source of irritation and exasperation between the Great Powers, has been settled. There has been an agreement, which has been to the mutual advantage of both France and Germany, and which has not been injurious to British interests, and, after all, the morrow of a dispute is not always the worst time to make up a difference.

I believe it is in the interests of France, Germany, Russia, and ourselves that there should be a better understanding between the nations. I believe that with candour, frankness, and boldness, it is attainable, and the world would be better and richer for it. Taxes might be reduced. The money which would be saved on armaments could be devoted to developing the resources of the country, and improving the condition of the people. Money spent on education, on housing, on lifting the lot of the people, is a better and a more assured investment than any which can be produced. And I, in conclusion, would like to say this one word: The cornerstone of sound finance is peace on earth and goodwill amongst men.

A SPEECH

Delivered at the National Liberal Club

Tuesday July 1, 1913

The Chancellor of the Exchequer delivered the following reply to his critics after the publication of the report of the Marconi Select Committee and the subsequent debate in the House of Commons. (See Hansard's "Parliamentary Debates," 1913, Vol. 54.)

MY Lord and my old friends, I am not here to withdraw anything I said in the House of Commons, nor am I here to repeat it. I have come here first of all to thank you for your kindness, the warmth of your cordiality, in rallying round the Attorney-General and myself on the present occasion. I am here to testify my deep gratitude to the Liberal Party inside the House of Commons and outside for their kindness and indulgence, and I should like specially to thank my loyal comrades in the Ministry. I have received, and so has my friend, communications from all quarters of the country, many from Conservatives, protesting against what they regard as the complete absence of fair play in our treatment, and I have received letters from men who are outside party, and whose mission is above party, men of sensitive honour, straightforward men who would be the first to resent any departure from the principles of strict integrity, all testifying their confidence, their regard, and their continued friendship. Even our opponents admit, some of them gladly, openly, frankly, some of them grudgingly, some of them with evident pain, that we have done nothing which dishonours us. I should like also to join the Marquess of Lincolnshire in recognising that the more reputable and influential among the Tory newspapers have, making due allowance for party bias, making some allowance for the electrical condition of the atmosphere—that their compasses have pointed towards fair play and justice. On these occasions trouble generally comes from the fussy little compasses, ill-balanced and badly set. Whenever there is anything in the air they wobble wildly all round as if the world were coming to an end. But I must say for the leading, the more powerful Conservative journals, that they have refused to lower their dignity by joining in this unctuous and fatuous man-hunt. I wish I could say that of them all.

I wish I could say it of the Tory Party in the House of Commons. I

have something to say about that. I am prepared to make allowances for them. At the back of the Tory mind you find this: Tories firmly believe that Providence has singled them out to govern this land. They think that they are the governing classes, and that if they are not governing there must be something wrong. In 1906 they were turned out of power. They thought it was just a temporary visitation such as afflicts even the just, and they said, "God is in His heaven, and the House of Lords is still alive." But when a second election came with the same result and a third election came and Radicals were still in power, the Tories became troubled. They saw Radical Bills go through Parliament, and, what was still worse, they found that Tories were expected to obey them as if they were common people. They found Radicals on the benches as Magistrates and Radicals becoming Judges. They found Radicals as Ministers receiving Kings and Presidents. They saw Radicalism governing the Empire, and things were getting from bad to worse. And they said, "There is no knowing that it might not even happen again. There is the Plural Voting Bill." They found trade prospering and the country going on, and at last their balance is completely upset and there is a great thirst in them. I can assure you that there is nothing half so maddening as a prolonged thirst. Under those conditions the best of us, the most Christian among us, cannot judge fairly the people who cut us off from the spring. The Attorney-General and I are suffering from that. Still, though I am making all allowance, it does not excuse their behaviour. For months and months through the dreary, dark winter we had to sit silent while calumny from every quarter was being hurled at our heads. We, as members of the House of Commons, felt bound by its traditions not to answer. The tribunal we awaited was investigating the matter. We felt our hands tied, but there were other members of the House just as much bound to observe its honourable traditions as we were. They were free, however, but they never respected its honourable traditions. For months we could make no answer. These things were insinuated in the public mind, were germinating, taking root, but noword could we answer.

It is the shabbiest chapter in the history of any party. Hitting a man when he is down, hitting a man when his hands are tied behind his back—that is the Tory notion of fair play. There is one kind of martyrdom which I have always thought was the least endurable of all, and that was where the victim had his hands tied and arrows were sped into his body from all quarters and he could neither protect himself, tear them out, nor sling them back. I quite understand something of that now, for months every dastardly and cowardly journalist of the Tory Party shooting his poisoned darts into your body, knowing that your hands were tied behind your back by the principles of honourable loyalty to the House of Commons. Well, my hands are free now. Free to shield, free to smite, not for myself but for the cause I believe in, which I have devoted my life to, and which I am going on with. But before I do so I should like, with your permission, to fling a javelin or two at my persecutors. Their conduct in the House of Commons was worthy of their conduct elsewhere. I can understand and honour a partisan, a downright bigot if you will, who refuses to see anything except his own side of the question. Such people may have their value and will have

their value, but I will tell you the man I despise : the man who is a bigot, the narrowest and bitterest of partisans, and all the while arrogates to himself the position, functions, and feelings of a judge. We are all narrow little partisans, but they are judges and above these things. I will tell you my feeling about that. A downright, honest, one-sided fellow I will take my hat off to, but the other is just a hungry humbug, steeped in smugness and self-righteousness. I wanted to say that.

I have had a hint from the Chair that there is to be no retaliation. I will respect it, but when I am looking at the list of those who voted to turn us out of public life I am wondering how many would have gone into that lobby if it had been a condition of voting that they must reveal the whole of their past doings. It is very difficult not to retaliate. When I see men setting themselves up as a sort of standard of Puritanism in public life, talking about what ought and ought not to be done with the shares of Ministers and the directorships of Ministers, and when I remember that I was in Parliament from 1890 to 1905 mostly under Tory Ministers, and I think of what passed then, ah ! it requires an amount of restraining grace which, I assure you, is almost exhausted in my case. And when I see Mr. Bonar Law saying that Ministers who are guilty of an indiscretion ought to be expelled from office, and I see the Tory Party running back from Ascot Racecourse to pass a solemn vote of censure on the semblance of gambling, it gives me an unpleasant cross-Channel sensation. Do they really think that the people do not see through their motives ? Do they really imagine that anybody is under the impression that they are consumed with a passion and burning zeal for cleansing public life ? I should like to ask a question. I wonder whether they will answer it. Supposing I had devoted as much time and energy to defending privilege and monopoly in land, in the Church Establishment, in the liquor traffic, in the House of Lords, as I have devoted to assailing them, do you think a word would have been said in the Tory Press, or would have crossed Tory lips with regard to this matter ? No, what has happened to us has happened because in office we have stood by the people who put us there. I think that politicians generally are a much maligned race. Those who think they are moved by sordid pecuniary considerations know nothing of politics or politicians. Those are not the things that move us. If anybody going into politics thinks he is going in to make money let him take one bit of advice. In politics there is no cash, and if this campaign of calumny goes on there will be no credit either. There is no politician that I know of who has obtained high position on either side without the advantage of rank and birth, who has reached a big position by capacity and strength of character alone—there is not one such but would in business or a profession have made ten times as much as he is ever likely to make in politics. For fifteen years I devoted most of my time and energy to politics without receiving a penny. I had a profession which is commonly reputed to be lucrative. I had to neglect it. In those days we had no £400 a year, and had it not been for the chivalry of partners I should not have been able to do it. I know politicians and their motives well. The men who go into politics to make money are not politicians. Into politics men enter, if you like, for fame. They may go in for ambition.

They may and do go in for a sense of duty, but for cupidity never. Not one that I know of.

The real danger is that the public through silly campaigns of this kind may underestimate the sincerity of politicians. There is more sincerity in politics than politicians themselves realise. I know that of both sides. Their devotion is often to party, and sometimes to great causes, but oftenest of all to both. For those things they sacrifice health, opportunities of making riches, family, and comfort. The idea that the Attorney-General and I would be prepared to sacrifice the esteem of our colleagues, the regard of the multitude who have been so loyal to us, and opportunities for doing good that is really required—the idea that we should throw such things away merely for the turn of the market on a few hundred shares is preposterous. I cast the accusation back with scorn. There is a little land among the mountains of the West in these islands, and I would not barter one heart-beat of the devoted loyalty of its people to me for all the wealth that the City of London owns. We all have our ambitions. I am not ashamed to say so. I speak as one who boasts I should like to be numbered among those who in their day and generation have done something to lift the poor out of the mire and the needy out of the dung-hill. Do you think I would part with my share in that hope for the riches of the Empire? I am glad to be standing here, not for myself but for the honour and reputation of politics and politicians. But if I am not detaining you I have something else to say. Great principles have been preached by the Tory Party. We mean to hold them to them. Why not drop it? Why should we drop it when they have got all the worst out of it against us? Why should we drop it when there is nothing but the best remaining? I hail this new altruism of the Tory Party. Just think of the noble declaration of Lord Robert Cecil: “No man has the right to put himself into a position where his public duty shall conflict with his private interests.” I welcome that. We will enforce it.

After all, political virtue is not a kind of prison fare with which you forcibly feed Radical Free Traders. Vicarious virtue is precarious virtue. But what a pity these doctrines were not enforced before. Think of the commons in England. Millions of acres of common land, the inheritance of the people, all pilfered away by Parliaments when the landlord governed both the Upper and the Lower Houses. If only Lord Robert Cecil had lived in those days just to preach this gospel, and to tell them that no man ought to put himself in the position where his private interests conflicted with his public duty. In those days these people were blind not to their interests, but to their obligations. The new light had not dawned on their consciences. The result is that the labourers of England who were freeholders in their own land are now landless, homeless, liable to be turned adrift at any moment by the caprice of a master, with wages that barely keep body and soul together for themselves and their children. Why? Because these great principles were not taught in time. But, you may say, “Well, that is a long time ago.” Yes, but the people are suffering from it to-day, and I saw in a Parliament of which I was a member an illustration of it. I remember how in 1895 the landlords of England, wanting to get into office, said to the people: “Give us power and we will look after your old people.” They came in.

The money which they had was distributed, not among the old people, but among the landlords themselves, to relieve the burdens on their land. Supposing we apply the terminology of the present day to that? It was not putting your hand in the till; it was breaking open the poor-box. Was it an indiscretion? Was it an impropriety? Was it corruption? I will tell you what it was. It was a heartless piece of sacrilege. If these doctrines had only been preached just before that! Millions of old people, at least hundreds of thousands, since then—and before a Radical Government came in to put them right—have passed through destitution, penury, beyond the reach of Parliamentary authority. Ah! that Lord Robert Cecil had not written his report before that time. But, you know, even now they are at it. It is most discouraging. After that report has been published and circulated as a penny pamphlet, they are still at it. Why did they not send a marked copy to Lansdowne House before Lord Lansdowne made his land speech? It is by no means irrelevant to our present purpose, and it is certainly not irrelevant to our future purpose, to examine that.

Here is a campaign on the land question. All parties want it. They feel that something has got to be done to improve conditions in rural life, and the country demands it. A committee was engaged in investigating the subject, and while they were ploughing laboriously through the facts the Tories rushed in in advance and said: "Let us have our programme in before these fellows begin"; and then came the programme. What is it? The labourer is suffering from an inadequate wage. The tenant farmer is suffering from inadequate security. The tenant in the towns has been oppressed by tyrannical conditions. What is the answer of Lord Lansdowne? I will tell you what it is. More money for the landlords. Housing? Houses are bad, atrociously bad. But the obligation to build and repair is an obligation of those who own the land. It is as much an obligation to provide for the labourer who tills your soil as it is to have buildings for the horses that drag the plough. So Lord Lansdowne said: "Yes, houses are bad. Houses are deficient. It is an obligation of those who own the land to build and repair. Let us transfer that obligation to the taxpayer." That is his idea of reconciling private interests with public duty. Then you come to the other proposition, land purchase. Advance money at a low rate of interest to enable the farmer to buy where the landlord is willing to sell. Anybody who followed what happened in Ireland, anybody who has had experience of rural life, knows that a low rate of interest for purchase means a high purchase money. The one check upon a tenant farmer who is afraid of some one buying the land over his head is the knowledge that he cannot get the money without paying interest for it, and if he goes and pays more for it than it is worth he has got to find the balance out of his own pocket. What happened in Ireland under the Wyndham Act? They found all the cash at a very low rate of interest. What was the first result of that? The value of the land went up by between five and six years' purchase for the landlord. In addition to that they had another two or three years' purchase by bonus. That is their idea of solving the land question. There you are. The poor miserable labourer who cannot feed and clothe

and house his children adequately—read Mr. Rowntree's book upon it—what has Lord Lansdowne got for him? An open mind. For the landlord, all the burdens, the heaviest burdens of his estate, shouldered by the State, the value of his land put up by hundreds of millions at the expense of the State. An open mind for the labourer and an open mouth for the landlord. No sooner had Lord Robert Cecil preached the new gospel than this is the result. No sooner does the new Moses come down with the tables of the law, the engraving fresh on the tablets—he has hardly delivered them before the high priest of his own people is worshipping the same old golden calf. People say: "Why don't you drop it?" I am not going to drop it. I have nothing to fear. I have disclosed everything. They have examined everything. They have scrutinised everything. Why should I drop it now? The only thing that remains is a principle which is full of hope and healing for democracy.

The danger of a panic always is this: It concentrates upon a false peril, and takes the mind away from a real. The real peril, believe me, in politics is not that individual politicians of high rank will take to making a pocket for themselves. That is not the peril. Read the history of England for fifty years. That peril is imaginary. The real peril is that the powerful interest will dominate the Legislature, dominate the Executive in order to carry through proposals which will prey upon the community. That is where tariffs will come in. The principles which they intended to use as a scourge for their foes we shall insist upon making a standard for their friends. These principles are full of hope for the people. Whatever we have suffered—and we have suffered—we shall not have suffered in vain if this principle is exalted for the observance of all parties, all interests. There is a great story in the greatest books of a man who spent his life fighting the Philistines. One day he was assailed by a wild beast which he slew. Returning to the scene of the conflict in a few days, he found the carcase full of honey. My right hon. friend and I have been assailed by a hideous monster that sought our lives. Not by our own right arm, but with the help of friends, we have slaughtered it, and unless I am mistaken, out of its prostrate form will come something that will sweeten the lives of millions who hitherto have tasted nothing but the bitterness and dust of life.

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